United States Court of Appeals for the Second Circuit



APPENDIX

76-6093

United States Court of Appeals

LE BEAU TOURS INTER-AMERICA, INC.,

Plaintiff-Appellant,

against

UNITED STATES OF AMERICA,

Defordant-Appellee.

On Appeal from the United States District Court for the Southern District of New York

JOINT APPENDIX

Lynton, Klein, Opton & Saslow Attorneys for Plaintiff-Appellant 100 Park Avenue New York, New York 10017

ROBERT J. FISKE
United States Attorney
Attorney for Defendant-Appellee
1 St. Andrews Plaza
New York, New York 10007



PAGINATION AS IN ORIGINAL COPY

TABLE OF CONTENTS FOR JOINT APPENDIX

Docket Entries	Al
Government's Notice of Motion for Summary Judgment Dismissing the Complaint and Statement under Rule 9G	A2
Plaintiff's Affidavit in Opposition to Defendant's Motion for Summary Judgment (with annexed documents, including Federal Income Tax Returns)	A10
Plaintiff's Statement under Rule 9G	A29
Government's Amended Statement under Rule 9G	A31
Government's Affidavit in further support of Government's Motion for Summary Judgment	A37
Plaintiff's Affidavit and Notice of Cross Motion for Summary Judgment [including Stipulation of Facts] (filed 8/18/75)	A40
Government's Affidavit in Opposition to Plaintiff's Motion for Summary Judgment (with annexed documents)	Α49
Opinion #44044	A56
Government's Affidavit in Support of Motion for Summary Judgment of Dismissal	A66
Stipulation and Order	A68
Opinion #44497	A70
Judgment	A73

DOCKET ENTRIES

LULL T

LE D'AU TOURS INTER -AMERICA, INC. VS. U.S.A.

		1
DATE	PROCEEDINGS	Juden Juden
	Filed Complaint, Issued Summons.	
	XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX	+
5=14-7		-
	U.S.A. Attorney General Washington D.C. by P. Troia on 5-2-73 (Certified mail #594828)	
	Filed ANSWER by deft, to complaint.	U.S
Jun. 25,73	Filed Plof. demand for trial by jury.	-
Nov20-73	Filed Govt's request for admissions. (1)	
	Filed Govt's request for admissions. (2)	
Dec14-73		-
Wass 0/7/	Le Beau Tours Inter-America, INC.	
	Filed Govt's interrogs. and requests for additional documents.	
. uan.15-15	Filed Deft's Affdvtillotice of 1btion seeking summary judgment dismissing complaint ret. 1/28/75.	
Jan. 15-75		
1/24/75		
	Filed Pltff's Affdyt in opposition to deft's motion for summary judgment. Filed Pltff's Memorandum of Law in opposit on to deft's motion for summary judg-	
	ment.	
1/24/75	Filed Pltffs Statement under Rule 9g	
1/27/75	Filed USA 's Reply Memorandum of Law.	
5/9/75	Filed Deft's Amended Statemene under Rule 9G	-
8/9/75	Filed Affdyt of Wm. Roche Bronner for deft re:in further support of motion by	
	deft for summary judgment of dismissal of complaint.	
-08-18-75	Filed Pltffs/Notice of Cross-motion for summary judgment in favor of pltffs	
-	against deft upon ground that there is no genuine issue of material fact,	
•	ret. 9/16/75,4:00 p.m.	
09-11-75	Filed Attack of AUSA Bronner for deft.in opposition to motion for summary judgment of pltff by notice of cross-motion of 8/18/75.	nt_
03-12-76	Filed OPINION#44C44, Both Motions for summary are denied, Gagliardi, J(mm)	
04-29-76	Filed deft's affdyt¬ice of motion for summary judgment of dismissal ret.	
05.02.76	5/6/76.4:00 p.m.	
. 05-03-76		-
·	Court for summary judgment; nothing contained in stip shall prejudice p	
	rights to contend services performed in NY which relate to pltff's La	
	American Or Caribbean business are not legally relevant to determinate	
-05-06-76	Filed Pltff's AffdytiNotice of cross-motion in opposition to deft's renewed	ları
	mation for summary judgment.	-
-05-06-75	Filed Pltff's Memoranium of Law in opposition to deft's renewed motion for sum-	-
	mary_judgment.	
-05-21-76	Filed Deft. USA Memorandum of Law.	
-05-28-76	Filed OPINION 44497. Deft's metion for summary judgment dismissing complaint is	
•	granted.Gagliardi,	
-06-04-70	Filed HUDGMENT Ordered that deft have judgment agobie a pltff dismissing complain	nt.
	Clk(mn)	
- 06-09-76	Filed Pltff's lictice of Appeal from order granting deft's mation for surpary	-
	judgment distinsing complaint entered on 5/23/26 by "and to AUC. From	EL-
- 05-03-76	Filed Fond Undertaking for costs on appeal in sum of \$250. (National Surety Corp.	5551
	for summary judgment dismissing complaint of 5/28/76 rather than fi	TOM.
-	(By Hand to AUSA Bronner, SDNY, on 6/16/76 via Marian Bryant, Legal Cl	
	U.S. Atty's Office)	
	A 1	
	RECT CODY AVAILAR	N P

BEST COPY AVAILABLE

GOVERNMENT'S NOTICE OF MOTION FOR SUMMARY JUDGMENT OF DISMISSAL

UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF NEW YORK

LE BEAU TOURS INTER-AMERICA, INC.,:

Plaintiff,

· · · in 15, 15 15

· V -

NOTICE OF MOTION

UNITED STATES OF AMERICA,

73 Civ. 1907 LPG

Defendant.

:

Please take notice, that upon the annexed Statement pursuant to Local Rule 9 G of this Court, and upon the Memorandum of Law submitted herewith, the defendant, the United States of America, will submit a motion to Honorable Lee P. Gagliardi, United States District Judge, on Tuesday, January 28, 1975, at 4:00 P.M., seeking summary judgment dismissing the complaint.

Dated: New York, New York
January , 1975

Yours, etc.,

PAUL J. CURRAN United States Attorney for the Southern District of New York Attorney for defendant

Government's Notice of Motion for Summary Judgment of Dismissal

WILLIAM R. BRONNER

Assistant United States Attorney Office and Post Office Address: United States Courthouse

Foley Square

New York, New York 10007 Tel.: 791 1946

TO: Lynton, Klein, Opton and Saslow, Esqs. 100 Fark Avenue New York, New York 10017

GOVERNMENT'S STATEMENT UNDER RULE 9G

UNITED	SI	CATES	DIST	RIC	T	COURT
SOUTHER	N	DISTR	ICT	OF	RE	YORK

LE BEAU TOURS INTER-AMERICA, INC. :

Plaintiff, : STATEMENT UNDER RULE

9G

-A-

73 Civ. 1907 LPG

UNITED STATES OF AMERICA,

Defendant.

Pursuant to the General Rules of this Court, defendent hereby enumerates the following material matters as to which there is no genuine issue to be tried:

- Plaintiff filed timely corporate income tax returns for the years 1966 through 1968, paying in full the liabilities reported.
- 2. Pursuant to a statutory notice of deficiency dated October 1, 1970, taxpayer was timely assessed the deficiencies in suit on March 5, 1971.
- 3. The statute of limitations for assessment purposes was extended by the taxpayer for the year 1966 until December 31, 1970.
- 4. The deficiencies in suit were paid in full on March 19, 1971.
 - 5. On May 5, 1971, the Internal Revenue Service

received taxpayer's Forms 843, claim for refund; these claims were disallowed by certified mail letter on July 13, 1972.

- 6. Le Beau Tours Inter-America, Inc. ("Le Beau") is and since 1966 has been a New York corporation.
- 7. Le Besu Tours, Inc. ("Tours") is and since 1966 has been a New York corporation with headquarters in New York City.
- 8. The same individuals who are shareholders, officers, and directors of Tours are shareholders in the same proportions, officers, and directors, of Le Beau.

 (Answer to Request for Admissions No. 4. ("Admission No. 4"))
- 9. The accounting ledgers and journals, the stock and minute books, and substantially all other corporate records of Le Beau are maintained at the office of Tours in New York City.
- 10. The business of Le Beau was previously carried on at least in part by Tours (Answer and Objection to Admission No. 1).
- 11. Tours is in the same business as Le Beau except that it does not deal in travel to Western Hemisphere countries.

0

: 12. Le Beau was incorporated for the sole

Government's Statement Under Rule 9G

purpose of qualifying as a Western Hemisphere Trade

Corporation within the meaning of Section 921 of the

Internal Revenue Code of 1954, and as such to obtain

the benefit of the deduction authorized by Section 922

of the Internal Revenue Code of 1954. (Admission No. 2)

- 13. Tours at no time qualified as a Western Hemisphere Trade Corporation within the meaning of Section 921 of the Internal Revenue Code of 1954.

 (Admission No. 3).
- amounts of \$1,591,144.79, \$2,082,615.23, and \$2,389,150.50 for its calendar years ending December 31, 1966, December 31, 1967 and December 31, 1968, respectively, were received by Le Been in the United States at its offices located at 100 West 42nd Street, New York, New York, from retail travel agents located in the United States. (Admission No. 5)
- and \$2,048,372.81 reported by Le Beeu on line 2 of its federal income tax returns (Form 1120) for the calendar years ended December 31, 1966, December 31, 1967, and December 31, 1968, respectively, represented the amounts paid by Le Beau to hotels and ground enterprises for hotel accomposations located within and ground services

Government's Statement Under Rule 9G to be performed within countries, other than the United States, located within the Western Hemisphere, (Admission No. 6) 9 16. Le Beau never qualified to do business in any foreign country, and never paid any income, sales, property, or other tax to any foreign country. (Admission) No. 7.8) 17. Le Beau at no time maintained a telephone number in its own name either in the United States or in any foreign country. (Admissions No. 9, 10) 18. The business of Le Besu during the calendar years 1966, 1967, and 1968 consisted in procuring in bulk Central and South American hotel accomodations, land transportation and escort services for United States retail travel agents. 19. The local retail travel agents referred to above resell the tourist accommodations, etc., referred to above to American tourists traveling to Central and South America. 20. Le Beau receives its income by being granted a discount from the foreign hotels and transport entrepressurs on the regular price charged to individual

Government's Statement Under Rule 9G

American customers, while being paid the list price by the local travel agents; the difference is its income.

- 21. Le Beau does not book air or sea transportation to Central or South America.
- 22. Such services as are required by Le Beau to be furnished in New York are provided to it by Tours.
- 23. The services provided by Tours to Le Beau involve contact with both the local retail travel agents and the foreign entrepreneurs, accounts receivable and accounts payable bookkeeping promotional work, and other services.
- 24. In 1966 Tours charged Le Beau \$74,259 for services performed; also in 1966, Le Beau declared gross income of \$260,200 on its corporate income tax return.
- 25. In 1967 and 1968 the percentage of Le Beau's gross income which was paid to Tours for its services was greater than in 1966.
- 25. In its tax returns for 1966, 1967 and 1968
 Le Beau reported figures for gross receipts, as noted in
 paragraph 14 above and deducted therefrom the amounts

Government's Statement Under Rule 9G

noted in paragraph 15 which it reported as cost of goods sold.

Dated: New York, New York

January 8, 1975

Yours etc.,

PAUL J. CURRAN
United States Attorney for the
Southern District of New York,
Attorney for Defendant,
United States of America

By: William Roche Gronner

WILLIAM R. BRONNER
Assistant United States Attorney
Office and Post Office Address:
United States Courthouse
Foley Square
New York, New York 10007
Telephone: 212-791-1946

TO: Lynton, Klein, Opton & Saslow, Esqs. 100 Park Avenue New York, New York 10017

AFFIDAVIT OF HARRY S. LE BEAU IN OPPOSITION TO GOVERNMENT'S MOTION

----X

:

UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF NEW YORK

LE BEAU TOURS INTER-AMERICA, INC.,

Plaintiff,

73 Civ. 1907 LPG

- V -

AFFIDAVIT IN OPPOSITION TO DEFENDANT'S MOTION

UNITED STATES OF AMERICA,

FOR SUMMARY JUDGMENT

Defendant.

COUNTY OF NEW YORK Ss.:

HARRY S. LE BEAU, being duly sworn, deposes and says:

I am the President of Le Beau Tours Inter-America, Inc., the plaintiff in the above captioned action.

I make this affidavit in support of plaintiff's opposition to the defendant's motion for summary judgment.

In 1945, I established my own travel business under the style Le Beau Travel Service. My wife, Winifred Le Beau and my son Robert S. Le Beau became associated with me in this business. In 1945, we incorporated under the name Le Beau Tours Inc. Originally, the business was that of an ordinary retail travel agency. Gradually, we developed a wholesale travel business, especially the business of procuring so-called packaged tours to foreign countries, for American retail travel agents. In 1964 our then accountant advised us that the Internal Revenue Code permitted us

Affidavit of Harry S. Le Beau in Opposition to Government's Motion

to conduct touring business in the Western Hemisphere Co. in a separate so-called Western Hemisphere Trade Corporation which would enjoy income tax advantages. My wife, my son and I who were and are stockholders and active executives in Le Beau Tours Inc. thereupon organized in January 1962, the plaintiff corporation for the purpose of taking advantage of the favored tax treatment accorded by the Internal Revenue Code to Western Hemisphere Trade Corporations.

Plaintiff's method of operation is as follows:

My son or I, or both of us, develop ideas for package tours, the purpose of which is to offer American tourists travel conveniences in the West Indies, Mexico and other countries in the Western Hemisphere, south of the U.S. border. We select countries in which we have developed contacts with hotels and local representatives. Before we select hotels, we inspect them. We make arrangements with local representatives abroad for the purpose of providing local transportation and escort services. We also have established office facilities in the various countries involved, so that American tourists may turn to our local representatives for assistance. Many of the tours which we arrange, are escorted by a guide. The guide meets the tourists at the first port of call abroad, stays with them throughout the tour and leaves them at the last port of call abroad. The guide is furnished by one of the so-called ground operators abroad who acts as our representative.

Affidavit of Harry S. Le Beau in Opposition to Government's Motion

Likewise, bus transportation and taxi services, as needed, are provided by the ground operators abroad.

The network of service facilities and hotel contacts in Central and South America is at the heart of plaintiff's business. No services are rendered in New York. The activity in New York is limited to offering plaintiff's services in Central and South America.

In response to the Government's REQUEST FOR ADMISSIONS (NO.7), plaintiff admitted that it has not qualified to do business in any foreign country. This admission was based on a legalistic misunderstanding and I wish to retract it as not in accordance with the true facts. Plaintiff and its representatives abroad have complied with such rules and regulations as exist in the various countries in order to permit the described operations in these countries. Plaintiff would not be allowed to operate in the various countries without being accredited to the local hotel associations, as for instance, the Bahamas Hotel Association and the Jamaica Hotel Association. This accreditation to the various local hotel associations abroad must be renewed annually. In addition, plaintiff, as a condition to engage in its business, must maintain membership in the International Air Transport Association (I A T A) in Montreal, Canada - even though plaintiff does not engage in any phase of air transport. This is a matter of good standing in the travel industry of Central and South America.

8

Affidavit of Harry S. Le Beau in Opposition to Government's Motion

Attached hereto is a copy of a written agreement between plaintiff and Martin's Tours Ltd. of Kingston, Jamaica, dated December 6, 1965, which is fairly typical of the arrangements which we make with foreign ground operators. Not all our agreements are in writing. In fact, most agreements are made orally, on the occasion when one of plaintiff's executives visits the country involved.

I am informed that the language in the annexed written agreement may be confusing in regard to the financial arrangements which we made with Martin's Tours Ltd. and other ground operators. The usual financial arrangement is as follows:

The ground operator charges us his standard fee, which is the same amount he would charge a retail customer. This is the fee which is incorporated in the price which plaintiff charges its customer. The ground operator then allows plaintiff a commission. When plaintiff pays the ground operator the price collected from the customer, plaintiff withholds that commission and remits the remaining net price to the ground operator.

The financial arrangements with the foreign hotels is similar. The hotels grant plaintiff a commission on their standard price. The standard price is part of the price paid by the customer.

Since plaintiff only works with hotels with whom it has made advance arrangements, it is able to procure satisfactory accommodations for the American tourists and the American retail travel agencies when it serves.

Affidavit of Harry S. Le Beau in Opposition to Government's Motion

It is not correct that plaintiff's business consists of buying or leasing hotel space "in bulk" and then marketing it.

It is not correct that the business of Le Beau Tours
Inc. (of which I am also President) is identical with the business of plaintiff. It is true that Le Beau Tours Inc. is also
engaged in the package tour business, but not in the Western
Hemisphere except Canada. (Plaintiff renders no services in
Canada). Le Beau Tours is engaged in a variety of other programs
such as retail travel business, motorcoach and airplane charter
business, railroad and boat cruise business, and fly-drive
arrangements.

A list of the hotels and ground operators which plaintiff has used in 1966, 1967 and 1968 in order to serve its American customers is contained in the complaint in this action which I have read. The list is correct.

I attach hereto, photostatic copies of the Federal income tax returns (Form 1120) which plaintiff filed for the years 1966, 1967 and 1968.

When, in answer to the complaint filed in this action, the Government stated that it lacked sufficient knowledge to form a belief as to the truth of the averments set forth in the complaint, my son and I offered to testify in a pre-trial deposition. Counsel has advised me that this offer was communicated to the United States Attorney, but was not accepted.

15

Affidavit of Harry S. Le Beau in Opposition to Government's Motion

I respectfully suggest that the Government should not be allowed to obtain a summary judgment on the basis of its insufficient knowledge of the facts.

HARRY S. LE BEAU

Sworn to before me this 23rd day of January, 1975.

PATRICIA BELL

Natery Public, State of New York

No. 60-5251690 Qual. In West. Co.
Certificate filed in New York County
Commission Exolres March 30, 1976

16

LETTER AGREEMENT DATED DECEMBER 6, 1965 ANNEXED TO AFFIDAVIT OF HARRY S. LE BEAU

Le Beau Tours Inter-America, Inc.

100 WEST 42ND STREET (CORNER OF AVENUE OF THE AMERICAS-6TH AVE.) NEW YORK 36, N. Y., WISCONSIN 7-6190

December 6, 1965

Mr. Ferdie Martin Martin's Tours, Ltd. P. O. Box 226 Harbour & East St. Kingston, Jamaica, W.I.

RECEIVED 12 + C 1965

Dear Ferdie:

This will serve to confirm the arrangements under which you agree to serve as our representative in handling all services and tour arrangements for Le Beau Tours Inc. in Jamaica. This contract is automatically renewable each year unless notification of termination is made by either party by registered letter at least thirty days before each end of each calendar

We understand that the compensation to your company for handling and supervising all tour arrangements includes securing reservations at hotels; arranging all meals in accordance with itinerary; providing transfers between airports and to and from restaurants and nightclubs, sightseeing features, transportation throughout Jamaica by private car or motorcoach as well as the payment of the compensation of guides and for the tour escort.

Would you kindly acknowledge this letter indicating your agreement

Cordially yours,

LE BEAU TOURS INTER-AMERICA, INC.

Robert S. Le Beau Vice-President

Approved Ferdie Markin Martin's Tours Ltd

For Attention FOREIGN RESERVATIONS DEPARTIZENT

MEXICO

Harbour & East St., Kingston

PUERTO RICO El San Juan Hotel, San Juan

VIRGIN ISLANDS P. O. Box 1855, St. Thomas

East St. Hassau

1380 Barre St., Montre:



FEDERAL INCOME TAX RETURN FOR 1966 ANNEXED TO AFFIDAVIT OF HARRY S. LE BEAU

PORM US. T.	way Department	For the year January 1-December 21, 1966, or other taxable year beginning	1966
A Sole	Formationship et	LE BEAU TOURS INTER AMERICA, INC.	E Employer Identification Ma.
B Con	1361 to be tased as a seratma. mindated return. mindated return. mindated return.	100 W. 42 ST.	N. 4
Moreovers	imeso Code No. (see instr.)		G fater total assets from time
	7298	NEW YORK, N.Y.	,352160
		cable lines and schedules must be filled in. If the lines on the schedules are not suffi	cient, see instruction Q.
IMP	THE RESIDENCE PROPERTY AND ADDRESS OF THE PARTY OF THE PA		1 1591 14479
	1 Gross receipts o	r gross sales	1370 44474
ш			160,000
١٤	3 Gross profit . 4 Dividends (Scho		
INCOME		ations of the United States and U.S. instrumentalities	
	6 Other interest		
SROSS	7 Rents		
2	8 Royakies		
5		m)(separate Schedule D)	
		attach schedule)	260200.35
	11 TOTAL	ncome—Add lines 3 through 10	1 000000
- 1		of officers (Schedule E)	
- 1		ges (not deducted elsewhere)	
. 1		include cost of improvements or capital a panditures)	
- 1		edule F if reserve method is used)	
- 1	16 Rents	chedula) FRANCHICA (eluberta	1266 02
- 1	17 Taxes (attach i	chedule)	
	18 interest		
5	19 Contributions (attach schedule—see instructions for limitation)	
6		storm, shipwreck, other casualty, or theft (attach schedule)	
F		ittach schedule)	
DEDUCTIONS	22 Depreciation (
8	24 Advertising .	ch schedule)	
<u>-</u>	24 Advertising .	rofit-sharing stock bonus, annuity plans (see instructions)	
		and the second s	
	26 Other deducts	- touch expensely Excesses With a refer to local vicinity	7467416
	27 TOTAL	deductions in lines 12 through 26	1173 43 17
	28 Taxable Incom	before net operating loss deduction and special deductions (line 11 less line 27)	1 10340 1700
	29 Less: (a) Net	operating loss deduction (see instructionsettach schedule)	5386233
		cial deductions (Schedule I)	13081273
_		e (line 28 less line 29)	1 56290.11
	31 TOTAL	Income tax (Schedule J)	
	32 Credits: (a) 7	ax paid with Form 7004 application for extension (attach copy)	7
	(b) F	syments and credits on 1966 declaration of estimated tax	7
TAX	(e) (redit from regulated investment companies (attach Form 2439)	
-	(0) () is larger than credits (line 32), the balance is TAX DUE. Enter balance here	56290.11
	35 If tax (line 3)	Is less than credits (line 32) Enter the OVERPAYMENT here	-
	35 Enter amount	of line 34 you want. Credited on 1967 estimated tax	
And	Under penalties of	perjury, I declare that I have examined this return, including accompanying schedules and state is true, correct, and complete. If prepared by a person other than tailneyer, his declaration is	ments, and to the best of rm
-	ich he has any know		
	CORPORATE		
1	SEAL "	Date Synature of afficient	1100
_		*** *** ***	1
		Adres	

Federal Income Tax Return for 1966 Annexed to Affidavit of Harry S. Le Beau

chedule A-COST OF GOOD	S SOLD (See Instruc	tion 2)	Schedule CD	IVIDENDS (S	see instruct	(IDA 4)
nventory at beginning of year .		1 Dome	sic corporations sub	ject to 25% de	duction	
Aerthandres bought for manufactu		2 Corta	in preferred stock o	of public utilitie		
alaries and wages		3 forei	en corporations subj	ect to 85% dec	duction	
other costs (attach schadule) .		4 Other	dividends from	foreign corpora	ations	
otal			ne from controlled			
ces inventory at end of year . Cost of goods sold—Enter on line	2. page 1		tuch Form 3646) . gn dividend gross			
Aethod of inventory valuatron		7 Quel	tying dividends faction 243(b)) .	rom affiliated	groups	
		8 Othe				
Sched	lule E-COMPENSAT	ON OF OFFICERS	(See page 5 o	the property of the property of the party of	1)	
2. Hame, address, and social secent	ty number of officer	W . Z. Titto	Price Percent of co	med .	Amount of property to the control of	7. Especia acces allowances
					1	1
						-
						January 1
Total compensation of office		THE RESERVE THE PERSON NAMED IN COLUMN 1			<u> </u>	1位居此。
Sct	hedule F-BAD DEB		THOD (See inst	ruction 15)	• •	
ceivable setstanding at end of year	2. Salan on account	4. Correct year's provision	S. Recoveries	6. Amenat co	harged 7.	Reserve for ted debt at end of year
11.						
63.						
64.					1	
64					1	
65.	Schedule G— 62-21: Make no entry and enter the accum	DEPRECIATION (: in column 2, enter ulated depreciation	See instruction a the cast or other base and of year in cast	22) asis of assets I	held at end o	year in cloums
65.	Schedule G- 62-21 Make no entry and enter the accum 2. Date accurred	DEPRECIATION (: in column 2, enter ulated depreciation i 1. Certier other basis	the cost or other but end of year in col 4. Depreciation allowed or plowable	22) sis of assets turns 4. 5. Method of compeling depreciation	held at end o	
54	and enter the accum	in column 2, enter ulated depreciation : 1. Coster other basis	the cost or other bit end of year in col	umn 4.		7. Depreciation for
1. Group and pulcetine class or description of property. Total additional first-year deprecia	and enter the accum	in column 2, enter ulated depreciation : 1. Coster other basis	the cost or other but end of year in col 4. Depreciation allowed or plowable	umn 4.		7. Depredation to
1. Group and pridetine class of description of property Total additional first-year deprecia	and enter the accum	in column 2, enter ulated depreciation : 1. Coster other basis	the cost or other but end of year in col 4. Depreciation allowed or plowable	umn 4.	6. 1 He or	7. Depredation to
1. Group and priceims class or description of property Total additional first-year depracta Buildings Furniture and fixtures	and enter the accum	in column 2, enter ulated depreciation : 1. Coster other basis	the cost or other but end of year in col 4. Depreciation allowed or plowable	umn 4.	6. 11% or sale	7. Depredation to
55	and enter the accum	in column 2, enter ulated depreciation : 1. Coster other basis	the cost or other but end of year in col 4. Depreciation allowed or plowable	umn 4.	6. 11% or sale	7. Depredation to
55	and enter the accum	in column 2, enter ulated depreciation : 1. Coster other basis	the cost or other but end of year in col 4. Depreciation allowed or plowable	umn 4.	6. 11% or sale	7. Depreciation to this year
55	and enter the accum	in column 2, enter ulated depreciation : 1. Coster other basis	the cost or other but end of year in col 4. Depreciation allowed or plowable	umn 4.	6. 11% or sale	7. Depreciation to this year
1. Group and priceime class of description of procedure of description of property of the class of the cla	and enter the accum	in column 2, enter ulated depreciation : 1. Coster other basis	the cost or other but end of year in col 4. Depreciation allowed or plowable	umn 4.	6. 11% or sale	7. Depreciation to this year
1. Group and priceime class of description of procedure of description of property of the class of the cla	and enter the accum	in column 2, enter ulated depreciation : 1. Coster other basis	the cost or other but end of year in col 4. Depreciation allowed or plowable	umn 4.	6. 11% or sale	7. Depreciation to this year
55	and enter the accum	in column 2, enter ulated depreciation : 1. Coster other basis	the cost or other but end of year in col 4. Depreciation allowed or plowable	umn 4.	6. 11% or sale	7. Depreciation for this year
55	and enter the accum	in column 2, enter ulated depreciation : 1. Coster other basis	the cost or other but end of year in col 4. Depreciation allowed or plowable	umn 4.	6. 11% or sale	7. Depreciation to this year
55	and enter the accum	in column 2, enter ulated depreciation : 1. Coster other basis	the cost or other but end of year in col 4. Depreciation allowed or plowable	umn 4.	6. 11% or sale	7. Depreciation to this year
55	and enter the accum	in column 2, enter ulated depreciation : 1. Coster other basis	the cost or other but end of year in col 4. Depreciation allowed or plowable	umn 4.	6. 11% or sale	7. Depreciation for this year
56	and enter the accum	in column 2, enter ulated depreciation : 1. Coster other basis	the cost or other but end of year in col 4. Depreciation allowed or plowable	umn 4.	6. 11% or sale	7, Depreciation for this year
56	and enter the accum	in column 2, enter ulated depreciation : 1. Coster other basis	the cost or other but end of year in col 4. Depreciation allowed or plowable	umn 4.	6. 11% or sale	7, Depreciation for this year
Total additional first-year depracta Buildings Furniture and fixtures Transportation equipment Machinery and other equipment Other (specify)	and enter the accum	in column 2, enter ulated depreciation : 1. Coster other basis	the cost or other but end of year in col 4. Depreciation allowed or plowable	umn 4.	6. 11% or sale	7, Depreciation for this year
56	62-21. Make no entry and enter the secum 2. Date sequited acquired atton (do not include in the	in column 2, enter ulated depreciation 1. Certar silver basis entre below)	the cost or other but end of year in col 4. Depreciation allowed or plowable	umn 4.	6. 11% or sale	7. Depreciation for this year
55	62-21. Make no entry and enter the accum 2. Date 2. Date 3. Some acquired	in column 2, enter ulated depreciation 1. Certar silver basis entre below)	the cost or other but end of year in col 4. Depreciation allowed or plowable	umn 4.	6. 11% or sale	7. Depreciation for this year
55	### A Property of the Action of the Action (do not include in it) #### A Property of the Action of	in column 2, enter ulated depreciation 1. Certar silver basis erris below)	the cost or other by the no of year in col 4. Depreciation allowed or altowable in print years	umn 4.	6. 11% or sale	7, Depreciation for this year
56	tion (do not include in it do not include in it and in Schedule A and el- 22, page 1 Schedule Su	in column 2, enter ulated depreciation 1. Certar silver basis erris below)	DEPRECIATION	asis of assets umm 4. S. Mathod all moments of process of the control of the con	6. 11% or sale	7. Depreciation for this year
55. 55. 55. 55. 55. 56. L Grow and prictima class or descaptus of property Total additional first-year deprecia Buildings Furniture and fixtures Transportation equipment Machinery and other equipment Other (specify) Total Less amount of degreciation clain Itsiance—Later here and on line	tion (do not include in it do not include in it and in Schedule A and el- 22, page 1 Schedule Su	Sewhere on return	DEPRECIATION additional light	psis of assets jumn 4. S. Mathod of some pales of eye cashes depressible	6. 17% or ratio	7. Depreciation for this year

Federal Income Tax Return for 1966 Annexed to Affidavit of Harry S. Le Beau

Form 1170 (1766)	Page 3
. Schedule I—SPECI	AL DEDUCTIONS
1 (a) B5 percent of line 1, Schedule C	
(b) 60.208 percent of line 2, Schedule C	
(c) 85 percent of line 3, Schedule C	
2 Total (not to exceed 85 percent of [line 28, page 1, less the 86 m of lin	es 3 and 5 of this schedule)). (The 85 per-
cent limitation does not apply to a year in which a net operating loss or	
3 100 percent of line 7, Schedule C	
4 Dividends paid on certain preferred stock of public utilities (see instruct	tions in case of net operating loss)
5 Western Hemisphera trade corporations (not allowable in year of net open	rating loss)
6 Total special deductions-Add lines 2 through 5. Enter here and on fin	e 29(b), page 1
Schedule J—TAX	
1 Taxable income (line 30, page 1)	130 813 13
2 Surtax exemption (line 1, \$25,000, or amount apportioned under section	ion 1561, whichever is lesser)
3 Une 1 less line 2	10781417
4 (a) 22 percent of line 1	08 8CL85
(b) 26 percent of line 3	3)311.31 Sp. 190 11
(c) If multiple surtax exemption is elected under section 1562, enter	6 percent of line 2
5 Income tax (line 4, or line 26 of separate Schedule D, whichever is	10000 Surgoll
6 Foreign tax credit (stlach Form 1118)	
7 Line 5 less line 6	1000011
8 Investment credit (attach Form 3468)	
9 Une 7 less line 8	경기 위치가 있다면 하는데 하다가 있는데 하는데 하는데 하는데 하는데 하는데 하는데 하는데 하는데 하는데 하
10 Tax under section 541 of the Internal Revenue Code (attach Schedule 1	(120 PH)
21 Tax from recomputing prior year investment credit (attach computation	36290:11
12 Total tax-Add lines 9, 10, and 11. Enter here and on line 31, page 1	
10/1/64	(4) Vacations for employees or members of their families?
H Date incorporated	(Other than amount reported on Form W-2) Yes No 2
(1) Did the corporation at the end of the taxable year own directly	N Refer to page 7 of instructions and state the:
or indirectly 50 percent or more of the voting stock of	Principal business activity
domestic corporation? Yes No A	
(2) Did any corporation, individual, partnership, trust, or asso- ciation at the end of the taxable year own directly or	Principal product or service
ladiracthy so memors of the corporation's vount	
Stock? Yes No XI	O Were you a member of a controlled group subject to the pro- visions of section 1561? Yes No B, or section 1562?
If the answer to (1) or (2) is "Yes," attach a schedule	Yes O No E
showing:	. If "Yes," check type of relationship:
(a) name, address, and identifying number, and (b) percentage owned.	(1) parent-subsidiary
to the server to (1) show is "Yes." Include the taxable	(2) brother-sister
income (or loss) of such corporation for the texasie	(3) combination of (1) and (2) (see section 1563)
year ending with or within your taxable year.	P Were you liable for filing forms 1096 and 1099 or 1087 for the
J Did you have any contracts or subcontracts subject to the	calendar year 1966? Yes [] Hc R
Renegotiation Act of 1951?	
If "Yes," see Inst. K. Enter amount here	M "Yes," where were they filed? Q Did you make distributions during the taxable year:
K Did you at any time during the year own directly or indirectly any	(1) that are not considered wholly taxable as dividends to
stock of a foreign corporation? Yes No	shareholders because of insufficient earnings and profits, or (2) in
If "Yes." attach statement required by instruction N.	a section 333 liquidation where shareholders are taxed on their
L Amount of taxable income (or loss) for: 1963	pro rate share of earnings and profits? Yes No X
L Amount of taxable income (or loss) for 1963 75 431-09	(See sections 316, 301, and 333.) If this is a consolidated return,
M Did you claim a deduction for expenses connected with: (1) A hunting lodge working ranch or farm fishing	enswer here for the parent corporation and on Form 851, Affiliations
camp . resort pr party . Gleasure boat or yacht . or other	Schedule, for each subsidiary.
similar facility []: (Other than where the operation of the facility	R Was there any substantial change in the manner of determining
similar facility []: [Outer blan where the operation of the facility	quantities, costs, or valuations between opening and closing
was the principal business.) Yes No No. (2) The leasing, renting, or ownership of a hotel room or	Inventory? Yes No
(2) The leasing, renting, or bandrating of a hotel room of	H "Yes," attach explanation.
suite [], exartment [], or other dwelling [], which was used by customers or employees or members of their families? (Other than	S Were you a U.S. shareholder of any controlled foreign corpora-
	tion? Yes [] No [] (See sections 951 and 957.) If "Yes,"
use by employees while in business travel status.) Yes No 4.	attach Form 3646 for each such corporation.
(3) The attendance of your employers damilies at conventions or business meetings? Yes [] No []	1
tion of position and the first the f	14_75.44.1

Δ 20

Federal Income Tax Return for 1966 Annexed to Affidavit of Harry S. Le Beau

	ANCE SHEETS	1			Paga
· ASSE		(A) Amount	(R) Total	(C) Arayat	seable year
1 Cash		(A) A-GHI	46733.07	(C) A - up-1	19100
2 Trade notes and acco					141/4/
(a) Less allowance fo			76078 14		210863
3 Inventories					- 110003
4 Gov't oblizations: (a) U.	S. and instrumentalities				
(b) State, subdomion	s thereof, etc.		1		
Other current assets					
6 Leans to stockholders		1 :			
7 Mortgage and real est	ate loens	10 10 10 1			
Other investments (at	tach schedule)				
Buildings and other fu	ed depreciable essets .	1 11 1 11 11 11			
(a) Less accumulated	depreciation				
Depietable assets					
(a) Less accumulated	depletion]		
Land (net of any amou	fization)				
Intangible assets (am	ortizable only)		· · · · · · · · · · · · · · · ·		
(a) Less accumulated	amortization				1
Other assets (attach a	chedule)				
Total assets .			15580012		3501609
LIABILITIES AN	D CAPITAL		-	•	
Accounts payable		2. 202	1721.20		709206
Miges., notes, bonds po	ryable in less than 1 yr.	1.72			1.20
Other current liabilitie	s (attach schedule) .	**** * ******			
Loans from stockholde	a				
Higes, notes, bonds pa	yable in 1 yr. or more.				
Other liabilities (attach	schedule)				
Capital stock: (a) Pre-	ferred stock				
(b) Con	nmon stock	10000-	30000	10000 -	40000
Paid-in or capital surplus	(attach reconciliation).				
Retained earnings-Appr	opriated (attach sch.) .				
Retained earnings-U	nappropriated		4202353		ab1 920 3
Less cost of treasury t			()		()
		I IATION OF WISHING	10000 331		3321609
		18767500	PER BOOKS WITH I		RN
Net income per books.		1 1 0 1 0 17 0 40 1	7 locome recorded on		
F . 1 1 !	전 사람들이 이 경험이다. 그런 사람들은 경험을 하지 않는데 없었다.			books this year not	
			Included in this return	n (Itemize)	
Excess of capital losse				n (Itemize)	
Excess of capital losse Taxable Income not re			Included in this return	n (Itemize)	
Excess of capital losse			Included in this return (a) Nontaxable inter	n (itemize) rest \$	
Excess of capital losse Taxable Income not re year (itemize)	corded on books this		Included in this return (a) Nontaxable inter-	rest \$x return not charged	
Excess of capital losse Taxable Income not re year (itemize) Expenses recorded on	books this year not		Included in this return (a) Nontaxable inter- B Deductions in this ta- against book income	rest \$x return not charged	
Excess of capital losse Taxable Income not re year (itemize) Expenses recorded on deducted in this return	books this year not		Included in this return (a) Nontaxable inter- B Deductions in this talegainst book income: (a) Depreciation	rest \$x return not charged	
Excess of capital losse Taxable Income not re year (itemize) Expenses recorded on deducted in this return (a) Depreciation	books this year not		Included in this return (a) Nontaxable inter- B Deductions in this ta- against book income	rest \$x return not charged	
Excess of capital losse Taxable Income not re year (itemize) Expenses recorded on deducted in this return (a) Expensestion (b) Depletion	books this year not (remize)		Included in this return (a) Nontaxable inter- B Deductions in this talegainst book income: (a) Depreciation	rest \$x return not charged	
Excess of capital losse Taxable Income not re year (itemize) Expenses recorded on deducted in this return (a) Depreciation	books this year not (remize)		8 Deductions In this ta against book income (a) Depreciation .	x return not charged this year (itemize)	-5-
Excess of capital losse Taxable Income not re year (itemize) Expenses recorded on deducted in this return (a) Expensestion (b) Depletion	books this year not (fremize) \$	184 475 04	8 Deductions in this ta against book incrime (a) Depreciation . (b) Depletion .	x return not charged this year (itemize) \$	25-
Excess of capital losse Taxable Income not re year (itemize) Expenses recorded on deducted in this return (a) Depreciation (b) Depletion Total of lines 3	books this year not (fremize) \$	「名りなっくの場 NAPPROPRIATED RE	8 Deductions in this ta against book income (a) Depreciation . (b) Depletion .	x return not charged this year (itemize) \$	1346) TU
Excess of capital losse Taxable Income not re year (itemize) Expenses recorded on deducted in this return (a) Expreciation (b) Depletion Total of lines 1 Schedule M-2	books this year not (Hermize) \$	1ミリレフミのSe NAPPROPRIATED RE イプロフィアン	8 Deductions in this ta against book incrime (a) Depreciation . (b) Depletion .	rest \$	1346) TU
Excess of capital losse Taxable Income not re year (itemize) Expenses recorded on deducted in this return (a) Depreciation Total of lines 1 Schedule M-2 Belance at beginning	books this year not (Hermize) \$	「名りなっくの場 NAPPROPRIATED RE	8 Deductions in this return 8 Deductions in this tale against book income (a) Depreciation (b) Depletion . 9 Total of lines 10 Income (line 28, per TAINED EARNINGS PE	rest \$	1346) FUL page 4)
Excess of capital losse Taxable Income not re year (itemize) Expenses recorded on deducted in this return (a) Expreciation (b) Depletion Total of lines 1 Schedule M-2 Belance at beginning iter income per books.	books this year not (Hermize) \$	1ミリレフミのSe NAPPROPRIATED RE イプロフィアン	8 Deductions in this return 8 Deductions in this tale against book income (a) Depreciation (b) Depletion	rest \$	1546) FJC
Excess of capital losse Taxable Income not re year (itemize) Expenses recorded on deducted in this return (a) Expreciation (b) Depletion Total of lines 1 Schedule M-2 Belance at beginning iter income per books.	books this year not (Hermize) \$	1ミリレフミのSe NAPPROPRIATED RE イプロフィアン	8 Deductions in this return 8 Deductions in this ta against book income (a) Depreciation . (b) Depletion . 9 Total of lines 10 Income (line 28, per TAINED EARNINGS PE 5 Distributions: (a) Ca (b) Sto	rest \$	1346) FJ(
Excess of capital losse Taxable Income not re year (itemize) Expenses recorded on deducted in this return (a) Expreciation (b) Depletion Total of lines 1 Schedule M-2 Belance at beginning iter income per books.	books this year not (Hermize) \$	1ミリレフミのSe NAPPROPRIATED RE イプロフィアン	8 Deductions in this return (a) Nontaxable inter 8 Deductions in this ta against book income (a) Depreciation (b) Depletion . (b) Depletion . 9 Total of lines 10 Income (line 28, page TAINED EARNINGS PE 5 Distributions: (a) Ca (b) Sto (c) Pro	x return not charged this year (itemize) 7 and 8	
Excess of capital losse Taxable Income not re year (itemize) Expenses recorded on deducted in this return (a) Expension (b) Depletion Total of lines 1 Schedule M-2 Balance at beginning test income per books.	books this year not (Hermize) \$	1ミリレフミのSe NAPPROPRIATED RE イプロフィアン	Included in this return (a) Nontaxable interval B Deductions in this tall against book income (a) Depreciation (b) Depletion Total of lines 10 Income (line 28, pag TAINED EARNINGS PE 5 Distributions: (a) Ca (b) Std (c) Inc. 6 Other decreases (iter	rest \$	1346) FUL pore 4)
Expenses recorded on deducted in this return (a) Depreciation	books this year not (Hermize) \$	1ミリレフミのSe NAPPROPRIATED RE イプロフィアン	8 Deductions in this return (a) Nontaxable inter 8 Deductions in this ta against book income (a) Depreciation (b) Depletion . 9 Total of lines 10 Income (line 28, page TAINED EARNINGS PE 5 Distributions: (a) Ca (b) Sto	rest \$	

FEDERAL INCOME TAX RETURN FOR 1967 ANNEXED TO AFFIDAVIT OF HARRY S. LE BEAU

Comparison Continue Continu	E Employer Identification No. 13 - 2527801 F County in which located. Of Enter Ideal estate from line 14, solution (D), Schedule L (See Instruction R) 81 1 (68783 ient, see instruction N. 208261535 161305615
The line in the line and street In the line and street In the line and street	G Enter that estate from time 14 sulumn (D), Schwede L (See Instruction R) 1 (62783 ient, see instruction N.
humber and stirred 100 00 40 57. In (ver instr.) City or town. State, and 21P code All applicable lines and schedules must be filled in. If the lines on the schedules are not suffices receipts or gross sales East: Returns and allowances State Cost of goods sold (Schedule A) and/or operations (attach schedule) State Cost of goods sold (Schedule A) and/or operations (attach schedule) State Cost of goods sold (Schedule A) and/or operations (attach schedule)	G Enter that estate from time 14, column (D), Schedule L (See Instruction R) 1 (62783 ient, see instruction N. 208261533
-All applicable lines and schedules must be filled in. If the lines on the schedules are not suffices receipts or gross sales Less: Returns and allowances considered to the schedule of the s	16, sulumn (D), Schedule L (See Instruction R) 81 1 (662783 ient, see instruction N.
All applicable lines and schedules must be filled in. If the lines on the schedules are not suffice secrets or gross sales	16, sulumn (D), Schedule L (See Instruction R) 81 1 (662783 ient, see instruction N.
s receipts or gross sales Less: Returns and allowances s: Cost of goods sold (Schedule A) and/or operations (attach schedule) ss profit	ient, see instruction N.
s receipts or gross sales Less: Returns and allowances s: Cost of goods sold (Schedule A) and/or operations (attach schedule) ss profit	ient, see instruction N.
s receipts or gross sales Less: Returns and allowances s: Cost of goods sold (Schedule A) and/or operations (attach schedule) ss profit	208261745
s: Cost of goods sold (Schedule A) and/or operations (attach schedule) 43. U. J. Colleges so profit	
s: Cost of goods sold (Schedule A) and/or operations (attach schedule) 43. U. J. Colleges so profit	Y2925617
ss profit	17431401
and an abligations of the United States and U.S. instrumentalities	
rest on obligations of the United States and U.S. instrumentalities	191146 55
er interest	
ss rents	
	45420734
	- 4628.00

/ ^ \	- 101500
En autalitie - TAYEL / / / /	31707 72
// / / / /	1.30
ntributions (attach schedule—see instructions for limitation)	
sualty or theft losses (attach schedule)	
ortization (attach schedule)	}
preciation (Schedulæ G)	
oletion (attach schoolule)	

	13657881
ner deductions (attach schedule) . The 134575 8/	17441692
TOTAL deductions on lines 12 through 26	28479043
(able income before net operating loss deduction and si scial bedoctions (line 22 less line 27).	
	83 06197
	1 VO173543
	9036966
(b) 1967 estimated tax payments (include 1966 everpayment allowed as a credit)	
	_
	-
tax (line 31) is larger than credits (line 32), the balance is TAX DUE. See instr. G for Tax Deposit System	1 90700
ax (line 31) is less than credits (line 32) Enter the OVERPAYMENT here	-
the market of the state of the	Other employee benefit plans (see instructions) her deductions (attach schedule) CARNES ALLOCATED FROM MASSIE TOTAL deductions on lines 12 through 26. TOUKS True 134.573 B/ exable income before net operating loss deduction and special deductions (line 11 less line 27). (b) Special deductions (Schedule 1). (c) Special deductions (Schedule 1). (c) Special deductions (Schedule 1). (c) TOTAL income tax (Schedule J). (d) 1967 estimated tax payments (include 1966 everpayment allowed as a credit) (c) Credit from regulated investment companies (attach form 2439) (d) Credit for U.S. tax on nonhighway gas and tube oil (attach Form 4136)

Federal Income Tax Return for 1967 Annexed to Affidavit of Harry S. Le Beau

	120 (1967)	•	<u> </u>							Pago 2
Sche	dule A-	COST OF GOO	DS SOLD (See	Instruction 2	2)	Schedu	e C-DIV	IDENDS	(See instruc	tion 4)
1 Inver	ntory at he	ginning of year			1 Don	estic corpo	rations subje	ect to 85%	deduction	
2 Merc	handise box	ught for manufac	ture or sale		2 Cert	ain preferre	ed stock of	public utilit	es	
3 Selet	nes and wa	205		·····	3 Fore	ign corpora	etions subjections	ct to E5%	deduction	
4 Othe	r costs (35	mach schedule)	-		4 Divi	dends from	wholly own	ed foreign s	:bsid:aries	
B Total				····	sub)	ect to 100	% deduction	(section 2	45(b))	
6 Less 7 Cost	inventory of goods s	at end of year old—Enter on lin	ne 2, page 1 .		1		ontrolled for			
fiseth	od of laver	ntory valuation .			tach	Form 364	6)			
					1					
					(sec	tion 243(b)	ridends fro	m affillate	d groups	:
							ere and on I		1	
			Schedule E-C	OMPENSATIO	N OF OFFIC	-				
	1. Nem	e, address, and social	security number of eff		2. Title	2. Time deveted to business	Percent of a stack of	boom	6. Amount of compensation	7. Expense account
		·····								
			F-1 b				l!			4000
	Total com		chedule F-BA			THOD (5		1		15-4
			chedule F-BA	DEBIS-RI		ed to reneral		-		
1. TEM	Z. Trade mot	tending at end of year	3. Sales en aco		errent year's	S. Rec		6. Amount	charged 7.	Reserve for bad debts at end of year
	-	· · ·			Promision.					
1962.										
1963 .										
1964.										
1966.	1									
1967 .			1							
	, ,	,	Schedule G-	DEPRECIATIO	N (See ins	ructions	for Sche	dule G)		
Tarpay	rers using R	Revenue Precedur	res 62-21 and 65-	 Make ne enter the accumul. 	ry in column	2, enter t	he cost or	column 4.	of assets hel	d at end of year he
-	1. Greup a	esels eninging the	2. 94	to 3.	Coster	4. Depreci	lowable	& Method of computing depreciation	6. Lite or	7. Deprectation for
		pion of property) Bedan			en prior y	ears !	depreciation	1	this year
		first-year deprec	lation (do not incl	ude in items bei	Ow)					
	dings .		• • -					······		
	niture and f		• • •							
	nsportation									
		other equipment								
	er (specify)									
		•								
2 Tota								:		
			Imed in Schedule							
# Del	aut we full	nere and on lin	• 22. page 1			DEPRE	IATION	<u></u>	1	
				Sum of the	MMARY OF		Mone i Aryt ye	, , , ,		
		St. eight time	Decision belease	years digits	t age. fu	. /	sertupa 179)	1 00	er (specify)	Tetel
	w here. From		1	÷		10				
2 Oth			1.			1				
grandforming con-	-	-				-	-		-	

Federal Income Tax Return for 1967 Annexed to Affidavit of Harry S. Le Beau

Fore	1120 (1967)	Poge 3
	Schedule I—SPECI	AL DEDUCTIONS
	85 pagent of fine 1, Schedule C	
. (b) 65 08 percent of line 2, Schedule C	
. ,	S percent of line 3, Schedule C	
	100 percent of line 4. Schedule C	
1	atal-Not to exceed 85 percent of (line 28, page 1, less the sum of I	ines 3 and 5 of this schedule). The 85 per-
7	cent limitation does not apply to a year in which a net operating loss	occurs
. 1	00 percent of line B. Schedule C	
4 5	lividends paid on certain preferred stock of public utilities (see Instruct	tions in case of net operating icss)
	Centers Hemisphere trade corporations (not allowable in year of net oper	rating loss)
6 1	otal special deductions-Add lines 2 through 5. Enter here and on line	
_	Schedule J—TAX	1 1-2121-6 116
1	Taxable Income (line 30, page ?)	
2	Surtax exemption (line 1, \$25,000, or amount apportioned under secti	on 1561, whichever is lesser)
3	Line 1 less line 2	WY 20024
4	(a) 22 percent of line 1	
	(b) 26 percent of line 3	9032966
	(c) If multiple surtax exemption is elected under section 1562, enter (b percent of line 2 .
5	Income tax (line 4, or line 25 of separate Schedule D, whichever is	lesser)
	Foreign tax credit (attach Form 1118)	
	Une 5 less line 6	
	Investment credit (attach Form 3468)	903-96
9	Line 7 less fine 8	
10	Personal holding company tax (attach Schedule 1120 PH)	
11	Tax from recomputing prior year investment credit (attach computation Total tax—Add lines 9, 10, and 11. Enter here and on line 31, page 1	9032966
12	Total tax—Add lines 5, 10, and 11.	(4) Vacations for employees or members of their families?
	10,164	(Other than amount reported on Form W-2.) Yes No
H	Date incorporated	M Refer to page 7 of instructions and state the:
1	(1) Did the corporation at the end of the taxable year own directly	Principal business activity Thavel ACENCY
	or indirectly 50 percent or more of the voting stock of a domestic corporation? Yes No	
	12) Did any corporation, individual, partnership, trust, or asso-	
	elation at the end of the taxable year own directly of	Principal product or service
	Indirectly 50 percent or more of the corporation's voting	
	(For rules of attribution, see section 20/(c).)	
	If the answer to (1) or (2) is "Yes," attach a schedule showing:	N Were you a member of a controlled group subject to the pro-
	(a) name, address, and identifying number; and	visions of section 1561 Yes No 13. or section 1562?
	(b) pertentage owned.	Yes No E
	If the answer to (1) above is "Yes," include the taxable	If "Yes," check type of relationship:
	income (or toss) from line 30, page 1, Form 1120 of such corporation for the taxable year ending with or within	(1) parent-subsidiary
	your taxable year.	(2) brother-sister
1	Did you have any contracts or subcontracts subject to the	(3) combination of (1) and (2) (see section 1563)
	Renegotiation Act of 1951? Yes No	O Were you liable for filing Forms 1096 and 1099 or 1087 for the
	the year	calendar year 19677 Yes No
K	Amount of taxable income (or loss) from line 30, page 1, Form 1120	H "Yes," where were they filed? AND URE - WAY
	for 1964 150 5501 1965 7948107 1966 130 8177)	THOUSE THE THE
L	Did you claim a deduction for expenses connected with:	P Was there may substantial change in the manner of determining
	(1) A hunting lodge . working rench or farm . fishing	quantities, costs, or valuations between opening and closing inventory? Yes No
	camp [], resort property [], pleasure boat or yacht [], or other	If "Yes," attach explanation.
	similar facility 7 (Other than where the operation of the facility	
	was the principal business.) Yes No No	O Did you pay dividends during the taxable year which you considered to be partially or wholly nontaxable to shareholders' Yes No
	(2) The leasing, renting, or ownership of a hotel room or	(See sections 301 and 316.) If this is a consolidated return, answer
	suffe [], spartment [], or other dwelling [], which was used by	here for parent corporation and on Form 851, 'Affiliations Schedule,'
	customers or employees or members of their families? (Other than	for each subsidiary.
	use by employees while in business travel status.) Yes No	R Were you a U.S. sharehelder of any controlled foreign corpora-
	(3) The attendance of your employees' demilies at conven-	Hon? Yes No A. (Sce sections 951 and 957.) If "Yes."
	tions or business meetings? Yes [] No []	attach Form 3646 for each such corporation.

Federal Income Tax Return for 1367 Annexed to Affidavit of Harry S. Lo Beau

Form 1120 (1967)	Schedule L-BA	Poge 4				
	and the state of t	larable year	End of lazable year			
ASSETS	(A) Amount	(B) Total	(C) Amount	(D) Total		
1 Cash		141290.05		2481756		
2 Trade notes and accounts receivable						
(a) Less allowance for had debts		1 21086890		420535 1.		
3 Inventories						
4. Gov't obligations: (a) U.S. and instrumentalities .						
(b) State, subdivisions thereof, etc				1		
5 Other current assets (attach schedule)						
6 Loans to stockholders						
7 Mortgage and real estate loans						
Other Investments (attach schedule) Buildings and other fixed depreciable assets						
(a) Less accumulated depreciation						
Depletable assets		1				
(a) Less accumulated depietion						
11 Land (net of any amortization)						
12 Intangible essets (amortizable only)		1				
(a) Less accumulated amortization						
13 Other assets (attach schedule)						
14 Total assets		35V160 49		668783 81		
LIABILITIES AND CAPITAL				2.		
15 Accounts payable		7093064	•	36 189.14		
16 Miges., notes, bonds payable in less than 1 yr.				9647881		
17 Other current liabilities (attach schedule) .			•	V638520		
18 Loans from stockholders						
19 Mtges., notes, bonds payable in 1 yr. or more.						
20 Other liabilities (attach schedule)						
21 Capital stock: (a) Preferred stock						
(b) Common stock	20000-	10000 -	vooci.	20000 -		
				NOOCO -		
22 Paid in or capital surplus (attach reconciliation) .						
23 Retained earnings—Appropriated (attach sch.) .	•	V6133035		V845157		
24 Retained earnings—Unappropriated		1,30.33		1011200		
25 Less cost of treasury stock		20000		110000		
Schedule M-1—RECONCI	INTION OF INCOM	35416099		6637338		
	CHIZO N	E PER BOOKS WITH I	NCOME PER RETUI	KN .		
1 Net income per books	~40PTY84	7 Income recorded or	books this year not			
2 Federal income tax		Included in this retu	rn (itemize)			
3 Excess of capital fosses over capital gains		(a) Tax-exempt into	erest \$			
4 Taxable income not recorded on books this		***************************************				
year (itemize)						
		8 Deductions in this to	ax return not charged			
5 Expenses recorded on books this year not		against book income	this year (itemize)			
deducted in this return (itemize)		(a) Depreciation .	\$			
(a) Depreciation \$		(b) Depletion				
(b) Depletion \$						
		9 Total of line	5.7 and 8	- 3-		
6 Total of lines 1 through 5	V947404V	10 Income (line 28. par		284790.40		
Schedule M-2-ANALYSIS OF U	NAPPROPRIATED RE	TAINED EARNINGS P	ER BOOKS (line 2	4, page 4)		
1 Balance at beginning of year	26133026	5 Distributions: (a) C				
2 feet income per books	ARY MOY			***************************************		
		(b) Si				
3 Other increases (itemize)			roperty			
•		6 Other decigoses (ite	m:ze)			
		Leb The		5629011		
			······································	7627511		
4 Total of Lines 3, 2, and 3	TYLOGOTT	7 Total of line		362401		
Total of Loss 1 2 and 3	146-1077	8 Balance at end of ye	or three 4 less 7)	1105 CPXY		

FEDERAL INCOME TAX RETURN FOR 1968 ANNEXED TO AFFIDAVIT OF HARRY S. LE BEAU

U.S. Corporation Income Tax Return For Eslander year 1968 or other taxable year baginning 1968, ending	1966
(PLEASE TYPE OR PRINT)	1
	E Employer Identification No
TOURS INTER AMERICA, INC.	13-252780
wice the relate O	F County in which founted
iness Cade No. (see page City or town, State, and ZIP ande	G Enter total exets from Iro
trainglinea.)	14, column (D), Schodal
298 NY NY	1853842.49
ORTANT—All applicable lines and schedules must be filled in. If the lines on the schedules are not suff	
Value to the second sec	12392094 01
	2080337.39
2 Less: Cost of goods sold (Schedule A) and/or operations (attach schedule) Cost of /ve and 3 Gross profit	341353,31.39
A Dividends (Schedule C)	
"5 Interest on obligations of the United States and U.S. Instrumentalities	34400.40
6 Other Interest	3/471.49
7 Gross rents	
8 Gross royalties	
9 Net gains (losses)—(separata Schedule D)	-
10 Other Income (ettach schedule)	2 10 - 11 0
	1.343256.91
12 Compensation of officers (Schedule E)	
13 Salaries and wages (not deducted elsewhere).	20560,00
14 Repairs (do not include capital expenditures)	
15 Bad debts (Schedule F If reserve method is used)	
16 Rents	6200.00
17 Texes (attach schedule) . F.Ronchist	38020.81
18 Interest	30,09
19 Contributions (attach schedule—see Instructions for Ilmitation)	
20 Casualty or theft losses (attach schedule)	
21 Amortization (attach schedule)	
22 Depreciation (Schedule G)	
23 Depletion	
24 Advertising	1 1 1 1 1 1
25 (a) Pension, profit-sharing, stock bonus, annuity plans (attach Form 2950)	
(b) Other employee benefit plans (see instructions) . Misc. 1950.00	
25 Other deductions (attach schedule) Expenses Auge, From Le Reau Tour Tour 160600.8	162,550.52
27. TOTAL deductions on lines 12 through 26.	227363.72
28 Taxable income before net operating loss deduction and special deductions (line 11 less line 27) .	115893.19
29 Less: (a) Net operating loss deduction (see instructions—attach schedule)	
(b) Special deductions (Schedule I) 30,739.08	30.729 08
30 Taxable income (line 28 less line 29)	- 85 164 11
TOTAL TAX (Schedule J)	1 37,215 64
32 Credits: (a) Tax deposited—form 7004 application for extension (attach copy).	1-1202 4763
the property of the second of the second the second	1
(b) 1968 estimated tax payments (include 1967 overpayment atlawed as a	
cred-t—do not include any "quick ratend" of overpayment of 1968 33,120 88	1
1 - (c) Credi from regulated Investment companies (attach forms 2439)	1
(d) Credit for U.S. tax on nonhighway gas end lube oil (attach Form 4136)	33,110 88
33 TAX DUE (line 31 less line 32). See instruction G for tax deposit system.	4,695.76
34 OVERPAYMENT (line 32 less line 31)	
25 Enter amount of line 34 you want Credited to 1969 estimated tax	4
penalities of perjury, I declare that I have our mined this return, including accompanying atherbules and athirmselv, and to the heat of	- b
and compared to provide by a resent other than the tangener, his declaration in based on all information of which he has any browned	Mr. Direct of the Parish
PCRATE	
SEAL Standard of afficer	100

Δ 26

Federal Income Tax Return for 1968 Annexed to Affidavit of Harry S. Le Beau

Form 1120 (1968)	•				•			rege 2		
Schedule A-COST OF GOODS SOLD (See Instruction 2)				Schedule C-DIVIDENDS (See Instruction 4)						
1 Inventory at beginning of year					ולעב בחסונהי		1			
2 Nechard se bought for manufa			1		ed stock of					
3 Salaries and wages					stions subject					
4 Other costs (attach schedule)										
5 Total			4 Divi	dends from	wholly-own deduction	ed foreign s	bsidieries			
6 Less inventory at end of year					from foreig					
7 Cost of goods sold-Enter on I										
Method of Inventory valuation			6 Inco	me from sch form 3	controlled 546)	foreign co	rporations			
		······			d gross-up					
			B Out	lifvine dis	idends fro		d groups	. :		
Wes there any substantial change titles, costs, or valuations between Yes □ No □. If "Yes," attact	a opening and close		9 Oth	tion 243(b))					
Schedule E-COMPENSATION	OF OFFICERS	(See Instruct				1 .				
1. Nama efefficer	. 74. 2 Social s	ecurity number	1. Title	4. Time devoted to	Percent of a	orporetion	7. Amount o	8. Expense accept		
			• •	Dusiness	5 Commes	6. Proferred	Compansation	a swances		
						-				
			٠.							
			•							
Total compensation of off	cers-Enter here a	and on tine 12.	page 1 .					1. 2 3		
Schedule F-BAD DEBTS-R	ESERVE METHO	D (See instr	uction 15)							
12 South cabo and summab on	1	1	Amount add	ed to reserve	1		1 .			
1. Year 2. Trade notes and accounts re- ceivable authunding at ead of year 3. Sales on account			rrent year's			6. Amount	charged	7. Reserve for Lad debts #1 and of year		
1963										
1954										
1965										
1966					-					
1957.					.					
1969.	1									
Schedule G-DEPRECIATION Taxpayers using Revenue Procedur	(See Instruction es 62-21 and 65-13 column 3, and enter	3: Make no ente	ry in column	2, enter th	e cost or	other basis	of assets he	eld at end of year in		
. 1. Group and guidaliae class	2. Date	.] 3.	Coster	4. Depress	1.00	La bedied	6. Lile or	7. Depreciation for		
el description of property	acanise	d] eu	or besis	in proof ye		computing .	rate	this year		
1 Total additional first year deprec	lation (do not Includ	de in Items belo	ow)							
Buildings							1			
Furniture and fixtures						• • • • • • • • • • • • • • • • • • • •	1			
Transportation equipment										
Machinery and other equipment							. ,			
Other (spedity)	. 1									
			T							
-										
							-			
	•••••			······						
							_1			
2 Totals		· · -			:					
3 Less amount of depreciation class 4 listance—Enter here and on line	med in Schedule A	and elsewhere	on return .							
		· · · · · ·		· · ·	· · · ·	· · ·				
Schedule H-SUMMARY OF	RECIATION							·		
Straight fine	Coclining balance	Som of the	Units of production	Addit	ection 175)	(the	(specify)	Tetal		
1 Under bes fres				~-l-~-	***	7-1				
67-21 0-4 65-13		.			***			· · · · · · · · · · · · · · · · · · ·		
2 Other 1	1		1	1		1				

Federal Income Tax Return for 1968 Annexed to Affidavit of Harry S. Le Beau

Form 1120 (144				4	t-remark	2	475.00	Pope 3
	SPECIAL DEDU	-			1 1			atter and
1 (0) 25% of 1	ine 1, Schedule (1		
(b) 62.462%	of line 2, Sched	ule C (for taxa	ble years ending	after June 30, 1	969, see listr	uctions)	2-	1 124
	ine 3, Schedule (· · · · ·			4		
(c) 100% of	line 4, Schedul	C				W. 7		.1.
2 Total—May n	ot exceed 85% o	(line 28, page	e 1, less the sum	of Hoes 3 and 5	of this schedule). The 85% limit	ation .	-in 54 in
does not a:	ply to a year in	which a net op	erating loss occum		1 .			
3 100% of line	B, Schedule C .)						
			public utilities		•)			7 4 1
5 Western Hemi	sphere trade corp	orations (see I	nstructions)	1 at . 7 . "	A		30	77.9.08
6 Total special	deductions—Add	lines 2 through	h 5. Enter here en	d on line 29(b).	page 1	*: *	. : 30	729.08
Schedule J-1	AX COMPUTA	ION (For tar	sable years end	ing after June	30, 1969, see	page 6 of inst	ructions)	
			w		1 trees 1 -	· · · · · · · · · · · · · · · · · ·	: (di-14)	85.164 11
2 Surtax exem	ption (line 1, \$2!	,000, or amou	ent apportioned u	nder section 156	1. whichever is	lesser	- 1	\$ 000.00
3 Line 1 less li			E	25 100	-27	4		0 164.11
4 (a) 22% of			12		7. 1. E. L.	-10-21	10 7	
(b) 26% of	•		11	- 1	7		10.	
		on is elected	nder section 1562	enter 694 of the		7-137-1-1	D.R. 1	7
•			ate Schedule D.			. 3 H. 2 7 C	71	
			1		-	-3-7,-3.18	18	
	harge-10% of		75. 7		7 × 1 × 100	3,437	88 37	19.16.64.5
	credit (attach For		1	T	-	الله والما الما مع		****
7 Line 5 less li		• • • • • • • • • • • • • • • • • • • •	1: "			-	37	816 64
	redit (attach For		1			J		- 174.4.4
9 Line 7 less li			1				. 37	816 64
•	•		Schedule 1120	*		1.10 100		**********
(b) Tax Surc	herge-10% of	ine 10(a)				E-77,54, 11	7 1000	
11 Tax from rec	amouting a nelac							
	ompound a prior	Asst lunesture	nt credit (attach	computation).		٠٠		
12 Total tax-A			ere and on line 3		4. 1		37	
	dd lines 9, 10, a	nd 11. Enter h	ere and on line 3	1, page 1	eposits in ord	ser of date paid	37,	81664
Schedule K—F	dd lines 9, 10, a	nd 11. Enter h	ERAL TAX DEF	1, page 1	eposits in ord	Sarial number	Date of	
Schedule K—F	dd lines 9, 10, a RECORD OF FO	RM 503 FED	ERAL TAX DEF	OSITS (List de	eposits in ord		1	
Schedule K—F	dd lines 9, 10, and ECORD OF FO	nd 11. Enter h	ERAL TAX DEF	OSITS (List de	Amend	Sarial number	Date of	
Schedule K—F	dd lines 9, 10, a RECORD OF FO	RM 503 FED	ERAL TAX DEF	OSITS (List de	Amend	Sarial number	Date of	
Schedule K—F Sarial number of form 503	dd lines 9, 10, at RECORD OF FO	RM 503 FED	ERAL TAX DEF	POSITS (List de	Amend	Sorial number of Form 503	Date of deposit	814 64 Annual
Schedule K—F	dd lines 9, 10, at RECORD OF FO	RM 503 FED	ERAL TAX DEF	II. page 1. POSITS (List de Bate et dapent	Amenda	Sortal number of Ferm 563	Date of deposit	81L 64
Schedule K—F Sarial number of form 503 LUTIO	dd lines 9, 10, as RECORD OF FO	Amount 13, 110, SR	ERAL TAX DEF	Date of dapoit	Amenda	Sorial number of Form 503	Date of deposit	81L 64
Schedule K—F Surial number of ferm 503 LUT Q H Date Incorporati (1) Did you a	dd lines 9, 10, at RECORD OF FO	Annual 11. Enter h	ERAL TAX DEF	Date of daposit M Refer Businestirectty	Amenda	Sortal number of Ferm S63	Date of deposit	81L 64
Schedule K—F Salul number of form 503 LIT Q H Date Incorpor I (1) Did you a	dd lines 9, 10, at RECORD OF FO	Amount 37,110.58	Sorial number of Fore \$42	Date of dapast M Refer Busing Produ Ne X N Ween	to page 7 of in	Serial number of Ferm 563	Date of deposits ste the principal A 9 5 IV.	81L 64
Schedule K—F Surial number of ferm 503 LUTLO H Date Incorporati (1) Did you a 50% or a (2) Did any c	dd lines 9, 10, at EECORD OF FO Date of deposit	About 11. Enter h	ERAL TAX DEF	Date of dapast M forer M forer Busing M Forer Busing No XO N Were	to page 7 of in	Serial number of Ferm 563	bete of deposits ste the principal A 9.5 N.	Avenual Avenua
Schedule K—F Sulal number of ferm 503 LIT Q H Date Incorpora (1) Did you a 50% or 1 (2) Did any c 1 at the end	dd lines 9, 10, at RECORD OF FO	Amount Am	Sorial number of Fore \$42	Date of dapast Bate of dapast M forer Busing No 10 N Were cisten (1)	to page 7 of in	Serial number of Ferm 563	Date of deposits ste the principal A 9 5 N oup subject to to	Avenue Avenue Avenue Avenue No provisions of
Schedule K—F Salel number of ferm 503 LIT Q H Date Incorpor (1) Did you a 50% or 1 at the end for more of y 1 (For rul	dd lines 9, 10, at RECORD OF FOR Date of spend 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,	Amount 11. Enter h RM 503 FEE Amount 1 37,110.58 Lexable year or a stock of a de- duel, partnersh ear own direct	Sorial number of Fore \$42	Date of dapoit Date of dapoit M florer Businer Ne X No 2 No	Amend to page 7 of in rea activity .7 ct or survice	Serial number of Ferm 563	Date of deposits ste the principal A 9.5 IV. oup subject to the	Areast Areast Pe provisions of the line No 20 Tos No 20
Schedule K— Surial number of fere 503 LIT Q H Date Incorporati (1) Did you a 50% or 1 (2) Did any c 1 at the en more of y (For rui	dd lines 9, 10, at RECORD OF FOR Date of depaid. The end of the more of the voting our voting stock? do the taxable pour voting stock? es of attribution, weer to (1) or (2)	Amount Am	Sorial number of Ferm 563 Sorial number of Ferm 563 wom directly or Indomestic corporatie Yes 19 19 19 19 19 19 19 1	Date of dapast Bate of dapast M Cofor Businest No 10 No 1	Amend to page 7 of in rea activity .7 ct or survice	Serial number of ferm 563 Instructions and standard of a controlled gr	Date of deposits ste the principal A 9.5 IV. oup subject to the	Areast Areast Pe provisions of the line No 20 Tos No 20
Schedule K—F Sulal number of fere 503 LIT Q H Date Incorpor (1) Did you a 50% or 1 20 Did any c 1 4 the end more of y 1 1 (for rul 1 1 the ans (a) nai	dd lines 9, 10, at RECORD OF FOR Date of spend 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,	Amount Am	Sorial number of Ferm 563 Sorial number of Ferm 563 wom directly or Indomestic corporatie Yes 19 19 19 19 19 19 19 1	Date of dapasit Bate of dapasit M Cofor Busing No 10	Amend to page 7 of in rea activity .7 ct or survice	Serial number of ferm 563 Instructions and standard of a controlled grant 2) is "Yes," chec	Date of deposits ste the principal A 9.5 IV. oup subject to the	Areast Areast Pe provisions of the line No 20 Tos No 20
Schedule K—F Serial number of fere 503 LUTLO H Date Incorporati (1) Did you a 50% or a the end more of your for rule of your first the ans (a) naid (b) par if the ans (b) par if the ans (c) the corporation of your first the ans (d) naid (b) par if the ans (d) the ans	dd lines 9, 10, as RECORD OF FO Date of deposit of deposit of the end of the more of the voting or our voting stock our voting stock es of attribution, wer to (1) or (2) me, address, and cantage owned.	Answer Answer	Sorial number of form 503 Sarial number of form 503 wown directly or Indomestic corporation Yes 19 19 19 19 19 19 19 1	Date of dapaset Bate of dapaset Bate of dapaset Millorer Busing Produ No 20 N Were ciation 0% of H ans owing: (a) (b) ble in-	Amend to page 7 of in the sale activity J ct or survice	Serial number of firm \$63	Date of deposits Ste the principal A 9 5 M oup subject to to	Areast Areast Areast Page 1 No 20 Fee 2 No 20 Fee 3 No 20 Fee 3 No 20 Fee 3 No 20 Fee 4 No 20 Fee 5 No 20 Fee 5 No 20 Fee 6 No 20 Fee 7 No 20 Fee 7 No 20 Fee 7 No 20 Fee 7 No 20 Fee 8 No 20 Fee 1 No 20 Fee 2 No 20 Fee 2 No 20 Fee 3 No 20 Fee 4 No 20 Fee 3 No 20 Fee 4 No 20 Fee 5
Schedule K— Sulal number of fere 503 LITO H Date Incorporati (1) Did you a 50% or at the end more of y If the ans (a) nai (b) pai If the are come (dd lines 9, 10, at RECORD OF FOR CORD OF F	Amount Amount	Sorial number of ferm 563 Sorial number of ferm 563 Sorial number of ferm 563 Sorial number of ferm 563 Sorial number of ferm 563 Sorial number of ferm 563 Sorial number of ferm 563 Sorial number of ferm 1	Date of dapast Date of dapast M Cofor Busing No 20 No 20 1 H ans owing: (a) (b) M Cofor Common (1) (c) (c)	Amend to page 7 of in the sale activity .7 ot or survice	Serial number of ferm 563 Instructions and standard of a controlled gradient of a controlled gr	bete of deposits ste the principal A G & IV. oup subject to to k type of relation (see section	Areast Areast Areast Page 1 No 20 Fee 2 No 20 Fee 2 No 20 Fee 2 No 20 Fee 2 No 20 Fee 3 No 20 Fee 4 No 20 Fee 3 No 20 Fee 4 No 20 Fee 4 No 20 Fee 4 No 20 Fee 5
Schedule K— Sarial number of ferm 503 LIT Q H Date Incorporati (1) Did you a 50% or a the end for more of your formula (2) naid (3) naid (4) part of the end formula (5) part of your state of the end formula (5) part of your state of the end formula (6) part of your state of the end formula (6) part of your state of the end formula (6) part of your state of the end formula (6) part of the	dd lines 9, 10, at RECORD OF FOR Part of departs of departs of the end of the more of the voting or the voting stock? (as of attribution, wer to (1) or (2) me, address, and transage owned. (as of loss) from line for the taxable of taxable of the taxable of taxabl	Amount Amount	Sorial number of form 503 Sarial number of form 503 wown directly or Indomestic corporation Yes 19 19 19 19 19 19 19 1	Date of daposit Date of daposit M Refer Busing Produ Ne X (1) No X (2) If ansowing: (a) (b) bite in- ch cop- if ansort tas- if ansort tas-	Amend to page 7 of in rea activity 2 ct or survice you a member Section 15627 wer to (1) or (parent subsidi- brother-slater combination of wer to (2) is **	structions and structions and structions and structions and structions and structions are structions and structions are structions and structions are structions and structions are structions are structions are structions.	bate of deposit steethe principal A 9 5 M our subject to the principal k type of relation to the section of 1562(b)(1)(A	Areaset Are
Schedule K—f Surial number of ferm 503 LUTLO H Date Incorporati (1) Did you a 50% or a the end for more of your formula (2) nail (b) participation of the end formula (b) participation able years.	dd lines 9, 10, a RECORD OF FO Date of deposit a stand	Amount Am	Sorial number of form \$43 Sarial number of form \$43 were directly or independent of form \$43 Yes 1 1 1 1 1 1 1 1 1	Date of dapasit Date of dapasit M Refer Busing Ne X (1) No X (2) H ans owing: (a) (b) ble in- ch cop- or tas- plices	Amend to page 7 of in rea activity 2 ct or survice you a member Section 15627 wer to (1) or (parent subsidi- brother-slater combination of wer to (2) is **	Serial number of ferm 563 Instructions and standard of a controlled gradient of a controlled gr	bate of deposit steethe principal A 9 5 M our subject to the principal k type of relation to the section of 1562(b)(1)(A	Areaset Are
Schedule K— Serial number of fere 503 LUT Q H Date Incorporati (1) Did you a 50% or a the end more of y (For rull) If the ans (a) naid (b) per luth of your able ye	dd lines 9, 10, at RECORD OF FOR PROPERTY OF PROPE	Answer Answer	Sorial number of fews 503 Sarial number of fews 503 wown directly or Indomestic corporation Yes 1	Date of dapast Bate of dapast Millofor Busing No 10 No 10 No 10 I H ans (a) (b) ble in- owing: (c) the cor- or tas- piles snego-	Amenda to page 7 of in rea activity .7 ct or survice you a member Section 1561? Section 1562? wer to (1) or (parent-subaldi brother-sister combination o wer to (2) is " tion of 6% add	Serial number of ferm 563 Instructions and sta IPAUE of a controlled gr of a controlled gr of a controlled gr (a) and (b) [Yes," does section fittional tax under	bete of depasts ste the principal A 9.5 IV. oup subject to to to the principal A 9.5 IV. k type of relation in 1562(b)(1)(A section	Areast Areast Areast Pe provisions of: (se No
Schedule K— Sarial number of fere 503 LUT Q H Date Incorporati (1) Did you a 50% or a the end more of your for rule of the end more of the end more of the end more of the end poration able ye below that on Act of the end poration able ye that on Act of the end poration able ye that on Act of the end poration able ye that on Act of the end poration able ye that on Act of the end poration able ye that on Act of the end poration act of the end poration able ye that on Act of the end poration act of the end poration able ye that on Act of the end poration act of the end poration act of the end poration able ye that on Act of the end poration act of	dd lines 9, 10, at RECORD OF FOR Date of deposit of the end of the more of the voting or to the training stock? The end of the taxable our voting stock? or to (1) or (2) me, address, and centage owned. Inverto (1) above or loss) from line for the taxable ar. any contracts or 1951? Yes	Answer Answer	Sorial number of form 563 Sarial number of form 563 wown directly or Indomestic corporation Yes 19 19 19 19 19 19 19 1	Date of dapent Bate of dapent Bate of dapent M Refer Busing No XI No D (2) If ans owing: If ans plice programs O Were O Were	Amend to page 7 of in rea activity 2 ct or survice you a member Section 15611 Section 15610 or (1) or (parent-subsidia brother-sister combination o wer to (2) is " tion of 6% add	structions and stu TRAUE 1. of a controlled gn (a) and (b) Tyes," does section String tax under	bate of deposit of the principal out authorized by the principal outhorized by the principal o	Avenuet Ave
Schedule K— Serial number of fere 503 LIT Q H Date Incorporati (1) Did you a 50% or a the end more of the serial filter and (a) nate of the serial filter and (b) per serial filter and (c) per serial filter and (c) per serial filter and (d) per seria	dd lines 9, 10, at RECORD OF FOR Property of the end of the more of the voting or por atom, individual of the taxable your voting stock? The end of the taxable your voting stock? or por atom, individual of the taxable atoms of the voting stock? were to (1) or (2) me, address, and centage owned. were to (1) above or loss) from line for the taxable at. any contracts or 1951? Yes amount billed du	Answer Answer	Sorial number of form 503 Sarial number of form 503 wown directly or Indomestic corporatie 1 Yes 19	Date of dapent Bate of dapent Bate of dapent M Refer Busing No XD No D (1) No D (2) If ans owing: (a) (b) ble index creation creation (c) congregate O Were ender	Amend to page 7 of in rea activity 2 ct or survice you a member Section 15611 Section 15610 parent-subsidi brother-slater combination o wer to (2) is " tion of 6% add you liable for 8 year 19687	structions and stu TRAUE 1. of a controlled gn (a) and (b) Tyes," does section Stional tax under	bate of deposit ste the principal A G D N oup subject to	Avenuet Ave
Schedule K— Sulal number of fere 503 LIT Q M Date Incorporati (1) Did you a 50% or 1 20 Did eny c at the end more of y (For rul 1) the ans (a) nail (b) pail 1 the ans come (poration Act of gross dollar (b) Did you have	dd lines 9, 10, at RECORD OF FOR Property of the end of the more of the voting or progration, Individual of the taxable your voting stock? The end of the taxable your voting stock? The end of the taxable your to (1) or (2) me, address, and cantage owned. Where to (1) above or loss) from fine the taxable are. any contracts or 1951? Yes amount billed due adduction for a series of the end of the taxable are.	Amount Amount	sere and on line 3 DERAL TAX DEF Sorial number of Ferm 563 won directly or Indomestic corporable 14 Yes 1 19, trust, or assortly or Indirectly 5(4) - Yes 1 7(c).) such a schedule shipler, and 1 to show the taxal form 1120 of suc with or within you subject to the Ries, enter the agg	Date of dapent Date of dapent Date of dapent M flefer Busing Produ Ne M Were (a) (b) bite in- correction (c) correction (d) (e) (e) (f) bite in- correction (d) (e) (f) (e) (f) (f) (f) (f) (f) (f) (f) (f) (f) (f	Amend to page 7 of in rea activity 2 ct or survice you a member Section 15612 wer to (1) or (parent subsidi- brother-sister combination o wer to (2) is ' tion of 6% add you liable for 1 your 19687 where were	structions and structions and structions and structions and structions and structions are structions and structions are structions and structions are structions are structions are structions are structions. The structions are structions are structions are structions are structions are structions.	bate of deposit ste the principal A G N oup subject to to k type of relation in 1562(b)(1)(A section 1562)? and 1099 or 1	Areaset Are
Schedule K— Serial number of fere 503 LIT Q H Date Incorporation (1) Did you a 50% or a 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	dd lines 9, 10, at RECORD OF FOR Brish of despect of despect of the end of the more of the voting or por ation, individual of the taxable your voting stock? our voting stock? were to (1) or (2) me, address, and centage owned. Individual or loss) from line for the taxable at. any contracts or 1951? Yes amount billed due a deduction for eart facility (boa ent facility (boa	Answer Answer	see and on line 3 DERAL TAX DEF Sorial number of fees 563 wm directly or Indomestic corporation in the second of t	Date of dapast Bate of dapast Bate of dapast Millorer Businer No Millorer Businer (1) No Millorer (2) No Dil (2) If ans owing: (a) (b) ble in- ch co- cr tas- plice ender No No Dil (7) Dil (8) O Were ender A No No Dil (7) P Were	Amend to page 7 of in rea activity .7 ct or survice you a member Section 1562? wer to (1) or (parent-subsidio brother-sister combination o wer to (2) is tion of 6% add you liable for 1 year 19687 where were	Serial number of ferm 563 Instructions and stu IPAUE 1. of a controlled gr of a controlled gr (a) and (b) [Yes," does section Stienal tax under 100 they filed! All preholder of any	bete of deposits ste the principal A G & N oup subject to the type of relation in 1562(b)(1)(A section 1562(f)) and 1099 or 11 YDOVE A	Avenue Avenue
Schedule K— Suital number of fere 503 LIT Q H Date Incorporation (1) Did you a 50% or 1 at the end more of your come (a) neil the ans (a) neil the ans (b) per lift the ans (b) per lift the ans (c) poration and you have tistion Act of gross dollar (c) Entertainm (d) Uving sec	dd lines 9, 10, at RECORD OF FOR Date of depaid. Date of depaid. The end of the more of the voting or portion, individe of the taxable pour voting stock? The end of the taxable pour voting stock? our voting stock? were to (1) or (2) me, address, and cantage owned. where to (1) above or loss) from fine the taxable are. any contracts or 1951? Yes arount billed due adduction for a ent facility (boat commodations) (a	Amount Amount	see and on line 3 DERAL TAX DEF Sorial number of fees 563 wm directly or Indomestic corporation in the second of t	Date of dapast Date of dapast Busing No 10 No 1	Amend to page 7 of in rea activity 2 ct or survice you a member Section 15627 wer to (1) or (parent subsidi- brother-slater combination o wer to (2) is 1 tion of 6% add you liable for 1 year 19667 a, where were you a U.S. shi	structions and structions and structions and structions and structions and structions and structions are structions and structions and structions are structions and structions are structions and structions are structions as structions are structions as structions are structions as structions are structions are structions and structions are structions and structions are structions and structions are structions are structions are structions and structions are structi	bate of deposit of the principal of the principal out subject to the principal out subject out subjec	Areaset Are
Schedule K— Suital number of ferm 503 LIT Q H Date Incorporation (1) Did you a 50% or a 1 the end more of y 1 (for number of the end of the	dd lines 9, 10, at RECORD OF FOR Proceed of the send of the more of the voting or the transle of the taxable or	Amount Amount	sere and on line 3 ERAL TAX DEF Sorial number of ferm \$63 Yes Sorial number of ferm 120 of sue with or within you have not not subject to the Ries, and	Date of dapast Bate of dapast Bate of dapast M flefer Busing No 10 (2) No 10 (2	Amenda to page 7 of in rea activity .7 ct or survice you a member Section 1562? wer to (1) or (parent subsidi- brother slater combination o wer to (2) is " tion of 6% add tion of 6% add you liable for 1 year 1968? Year 2968? No 25. (5 or each such co	Serial number of ferm 563 Instructions and star PAUE - of a controlled grace of any less sections 951 a proporation.	bate of depands ste the principal A 9.5 N oup subject to to to the principal output to the	Avenue Avenue
Schedule K— Suital number of ferm 503 LIT Q H Date Incorporation (1) Did you a 50% or a 1 the end more of y 1 (for number of the end of the	dd lines 9, 10, at RECORD OF FOR Date of depaid. Date of depaid. The end of the more of the voting or portion, individe of the taxable pour voting stock? The end of the taxable pour voting stock? our voting stock? were to (1) or (2) me, address, and cantage owned. where to (1) above or loss) from fine the taxable are. any contracts or 1951? Yes arount billed due adduction for a ent facility (boat commodations) (a	Amount Amount	sere and on line 3 ERAL TAX DEF Sorial number of ferm \$63 Yes Sorial number of ferm 120 of sue with or within you have not not subject to the Ries, and	Date of dapast Bate of dapast Bate of dapast Millorer Busin No 10	Amenda to page 7 of in pas activity .7 ct or survice you a member Section 1562? wer to (1) or (parent-subsidio brother-slater combination o wer to (2) is. tion of 6% add you liable for 1 year 19687 where were you a U.S. sha) No 22. (S or each surch co	Serial number of Ferm 563 Instructions and star PAUE of a controlled grace of any less sections 951 a corporation. de (other than star description of a control de control than star description of a control de control than star description of a control than star description	bete of deposits ste the principal A S & N oup subject to the principal A S & N oup subject to the principal A S & N oup subject to the principal A S & N out subject to the principal A S & N controlled foreigned 957.) H "Ye out the principal A S & N controlled foreigned 957.) H "Ye out the principal A S & N o	Avenue Avenue
Schedule K— Sulal number of ferm 503 LIT Q H Date Incorporation (1) Did you a 50% or a 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	dd lines 9, 10, at the control of the color of departs of departs of the color of t	Amount Amount	sere and on line 3 ERAL TAX DEF Sorial number of ferm \$83 of ferm \$83	Date of dapent Date of dapent Date of dapent Date of dapent M florer Busing Produ No M	Amend to page 7 of in rea activity 2 ct or survice you a member Section 15627 wer to (1) or (parent subsidi- brother-slater combination o wer to (2) is 1 tion of 6% add you liable for 1 year 19667 , " where were you a U.S. shi) No E. (5 or each such or nu pay divident name for stock	Serial number of Ferm 503 structions and structions are structions and structions are structions and structions and structions are structions and structions are structions and struction	bate of deposit ste the principal A G A M oup subject to the principal k type of relation in 1562(b)(1)(A section 1562)1 and 1099 or 11 Y D A M C A controlled foreigned 957.) H Ye ook dividends as soble year which	Areaset Are
Schedule K— Surial number of ferm 503 LITLO H Date Incorporation (1) Did you a 50% or a 1 the end with the ans (a) nail come (b) por able ye tation Act of gross dollar (c) Entertainm (c) Entertainm (c) Entertainm (c) Employees (d) Employees (d) Employees (d) Employees (d) Employees (e)	dd lines 9, 10, at RECORD OF FOR Date of deposit of deposit of the end of the more of the voting or por stock of the taxable our voting stock or to (1) or (2) me, address, and cantage owned. I were to (1) above or loss) from line for the taxable ar. any contracts or 1951? Yes amount billed due of deduction for an ent facility (boar ommodations (a families at contracts)	Amount Amount	see and on line 3 DERAL TAX DEF Sarial number of fews 503	Date of dapaset Bate of dapaset Bate of dapaset Millorer Business No 20 (2) H ans owing: (a) The correction of	Amenda to page 7 of in rea activity 2 ct or survice	Sarial number of Ferm 503 Instructions and stu IPAUE 1. of a controlled gn of (a) and (b) [Yes," does section Stional tax under they filed? All or sholder of any lies sections 951 a proporation of the state ity nontraxable to a did 316.1 if this is	bate of deposit of the principal of the	Avenue Avenue
Schedule K— Serial number of fere 503 LIT Q H Date Incorporation (1) Did you a 50% or a street on the series of the series o	dd lines 9, 10, at the end of the more of the voting our voting stock? The end of the more of the voting our voting stock? It the end of the more of the voting our voting stock? The end of the taxable; our voting stock? The end of the taxable our taxable; our total age owned. The end of the taxable or total and the taxable or the taxable or the taxable or the end of the	Answer Answer	see and on line 3 DERAL TAX DEF Sorial number of fees 563 were different 563 were differe	Date of dapent Date of dapent Date of dapent Date of dapent M flefer Busing Produ Ne Wore (a) If ans owing: (a) (b) bite in- correction or tas- plice snego- regate No If The Correction of the Correctio	Amend to page 7 of in rea activity 2 ct or survice you a member Section 15627 wer to (1) or (parent subsidi- brother-slater combination o wer to (2) is ' tion of 6% add you liable for 1 year 19687 where were you a U.S. shi) Ne 25. So or each such or sur pay divident honge for stock out	structions and structions and structions and structions and structions and structions and structions are structions and structions are structions and structions and (a) and (b) [] Yes, does section Strength and Structions of any see sections 951 a proporation do (other than struction of the st	bate of deposit ste the principal A G N oup subject to to k type of relation in 1562(b)(1)(A section 1562)? and 1099 or 1 controlled foreigned 957.) H "ye ook dividends explored which shareholders? Y a consolidated orm 851, Affilia	Avenuet Ave
Schedule K— Surial number of fere 503 LIT Q H Date Incorporation (1) Did you a 50% or a street on the more of your feer and the arm of your feer and you have trained able you feer and the your feer and you claim (1) Erretainm (2) Living acc ness) (3) Employees W—2 Taxakis incorporate	dd lines 9, 10, at the end of the more of the voting our voting stock? The end of the more of the voting our voting stock? It the end of the more of the voting our voting stock? The end of the taxable; our voting stock? The end of the taxable our taxable; our total age owned. The end of the taxable or total and the taxable or the taxable or the taxable or the end of the	Answer Answer	see and on line 3 DERAL TAX DEF Sarial number of fews 503	Date of dapent Date of dapent Date of dapent Date of dapent M flefer Busing Produ Ne Wore (a) If ans owing: (a) (b) bite in- correction or tas- plice snego- regate No If The Correction of the Correctio	Amend to page 7 of in rea activity 2 ct or survice you a member Section 15627 wer to (1) or (parent subsidi- brother-slater combination o wer to (2) is ' tion of 6% add you liable for 1 year 19687 where were you a U.S. shi) Ne 25. So or each such or sur pay divident honge for stock out	Serial number of Ferm 503 Instructions and stu IPAUE 1. of a controlled gn of (a) and (b) [Yes," does section Stional tax under they filed? All or sholder of any lies sections 951 a proporation of the section da (other than sti) during the taxs ity nontraxable to (a) 316.3 if this is	bate of deposit ste the principal A G N oup subject to to k type of relation in 1562(b)(1)(A section 1562)? and 1099 or 1 controlled foreigned 957.) H "ye ook dividends explored which shareholders? Y a consolidated orm 851, Affilia	Avenuet Ave

Federal Income Tax Return for 1968 Annexed to Affidavit of Harry S. Le Beau

·	Beginning a	I taubile year	Sad of lasti-to year			
ASSETS	(A) Amount	(B) Total	(C) Amount	(D) Tstel		
Cash	v/a	248195.69		154179.20		
Trese naise and accounts receivable						
(a) Loss allowance for bad debts		420588.12		2663.2		
Inventories						
Gov't obligations: (a) U.S. and instrumentalities .			*q *			
(b) State, subdivisions thereof, etc						
Other current assets (attach schedule)						
Loans to stockholders	12 M. A. A. C. C.		and period and the			
Mortgage and real estate loans	2.17 14 100 10 AP			70		
Other Investments (attach schedule)				700000		
Buildings and other fixed depreciable assets .		1	40000.00			
(a) Loss accumulated depreciation.	100 C 100 C 102 K		-1-	40000.		
Depletable assets		1				
(s) Less accumulated depletion		in the consuming				
Land (net of any emortization)	1 7 1 To 1 1 1 1 1 3 1 1			,		
Intengible assets (amortizable only)	••		7, 1, 1, 144 . (***)			
(a) Less accumulated amortization		A Company of the Company	* · · ·	· · · · · · · · · · · · · · · · · · ·		
Other assets (attach schedule)	1 0 5 1 10 0 0 ×					
Total assets	and the training	668783.81		823 242 0		
LIABILITIES AND STOCKHOLDERS EQUITY	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1					
Accounts peyable	7 7 6	36/89.14	1 1 1 1 1 1	102609 8		
	4.42	96428.81	1 1 " " " " " " " " " " " " " " " " " "	83455.5		
Migrs., notes, bonds payable in less than 1 yr.		26385.20	• • • • • • • • • • • • • • • • • • • •	63437.3		
Other current Esblifties (ettach schedule) .		20101199	1			
Loans from stockholders						
Miges., notes, bonds payable in 1 yr. or more.			* · · · · · · · · · · · · · · · · · · ·	160600.8		
Other Rabilities (attach schedule) "	\$ 17 £ 1		7.	~		
Capital stock! (a) Preferred stock ,		in				
(b) Common stock	20000.00	20000.00	20000.00	20000		
Paid to or capital surplus (attach reconciliation).						
Fatsined earnings-Appropriated (attach sch.) .	ra transfer					
Retained earnings-Unappropriated		489730.66		432173.31		
Less cost of treesury stock		(.)		(
Total liabilities and stockholders' equity !		668783.81		853847.49		
hedule M-1-RECONCILIATION OF INCOM	E PER BOOKS WITH	INCOME PER RETURN				
Not income per books	115893.15	1 7 100000 0000000	- bb- Abla	1		
	J. L. Y. W. L. W. J. L.		on books this year not			
Federal Incorne tax		Included in this reta				
-Excess of capital losses over capital gains		(a) Tax-exempt In	terest 5			
The state of the s						
Texable Income not recorded on books this	Company of the contract of the		· · · · · · · · · · · · · · · · · · ·			
The state of the s						
Taxable Income not recorded on books this year ("amize)			tax return not charged			
Taxable Income not recorded on books this year (familie) Expenses recorded on books this year not		against book incom	n this year (itemize)			
Taxable Income not recorded on books this year (familie) Expenses recorded on books this year not -ceuucied in this return (iteralize)		against book incom	n this year (itemize)			
Taxable Income not recorded on books this year (familie) Expenses recorded on books this year not		against book incom	n this year (itemize)			
Taxable Income not recorded on books this year (familie) Expenses recorded on books this year not -ceuucied in this return (iteralize)		against book incom	n this year (itemize)			
Taxable income not recorded on books this year (famize) Expenses recorded on books this year not -ceuucied in this return (iteralize)		against book incom	n this year (itemize)			
Taxable Income not recorded on books this year (tamize) Expenses recorded on books this year not councied in this return (iterialize) (b) Depreciation . \$		against book incom (a) Depreciation (b) Depletion . Total of lin	this year (itembes)			
Taxable Income not recorded on books this year (namize) Expenses recorded on books this year not coulded in this return (iteratize) (a) Depreciation . \$ (b) Depreciation . \$ Total of lines 1 through 5		against book incom (a) Depreciation (b) Depletion . Total of lin lo income (line 28, 1:	this year (itemize) \$ \$ ins 7 and 8			
Taxable Income not recorded on books this year (namize) Expenses recorded on books this year not councied in this return (iteratize) (a) Depreciation . \$ (b) Depreciation . \$ Total of lines 1 through 5	ITEO RETAINED EAR	against book incom (a) Depreciation (b) Depletion . Total of lin lo income (line 28, 1:	this year (itemize) \$ \$ ins 7 and 8			
Taxable Income not recorded on books this year (Tamize) Expenses recorded on books this year not councied in this return (Iteratize) (a) Depreciation (b) Depreciation Total of lines 1 through 5 hodgie AL-2—ANALYSIS OF UNAPPROPRIA	ATED RETAINED EAR 489730.66	against book incom (a) Depreciation (b) Depletion Total of lin 10 Income (line 28, p. NINGS PER BOOKS (line)	this year (itemize) \$			
Taxable Income not recorded on books this year (familie) Expenses recorded on books this year not coulded in this return (iterates) (a) Depreciation (b) Depreciation Total of lines 1 through 5 hodging AL-7—ANALYSIS OF UNAPPROPRIA		against book incom (a) Depreciation (b) Depletion Total of lin 10 Income (line 28, µ NINGS PER BOOKS (line 5 Distributions: (a)	this year (itemize) \$			
Taxable Income not recorded on books this year (famize) Expenses recorded on books this year not councied in this return (iteralize) (a) Depreciation Total of lines 1 through 5 hodicis AL-2—ANALYSIS OF UNAPPROPRIATION 1.		against book incom (a) Depreciation (b) Depletion Total of lin 10 Income (line 28, 1) NINGS PER BOOKS (line 28, 1) 5 Distributions: (a)	this year (itemize) \$			
Taxable Income not recorded on books this year (familie) Expenses recorded on books this year not coulded in the return (iteralize) (a) Depreciation (b) Depletion Total of lines 1 through 5 Inciting AL-2—ANALYSIS OF UNAPPROPRIA		against book incom (a) Depreciation (b) Depletion 9 Total of lin 10 Income (line 28, 1) NINGS PER BOOKS (line 5 Distributions: (a) (b)	this year (itemize) \$ tos 7 and 8 tos 7 and 8 tos 9 tos 1)—line 6 less 9 tos 24 above) Cash Stock			
Total of lines 1 through 5 The course of the part of the		against book incom (a) Depreciation (b) Depletion . 9 Total of lin 10 income (line 28, p NINGS PER BOOKS (lin 5 Distributions: (a) (b) (c) 6 Other decreases (i	this year (itemize) \$ sos 7 and 8 soze 1)—line 6 less 9 ne 24 above) Cash Stock Property temize)			
Total of lines 1 through 5 The course of the part of the		against book incom (a) Depreciation (b) Depletion 9 Total of lin 10 Income (line 28, 1) NINGS PER BOOKS (line 5 Distributions: (a) (b)	this year (itemize) \$ sos 7 and 8 soze 1)—line 6 less 9 ne 24 above) Cash Stock Property temize)	127450		
Total of lines 1 through 5 The course of the part of the		against book incom (a) Depreciation (b) Depletion . 9 Total of lin 10 income (line 28, p NINGS PER BOOKS (lin 5 Distributions: (a) (b) (c) 6 Other decreases (i	this year (itemize) \$ sos 7 and 8 soze 1)—line 6 less 9 ne 24 above) Cash Stock Property temize)	123450.		
Expenses recorded on books this year (tamize) Expenses recorded on books this year not occurred in this return (itemize) (a) Depreciation (b) Depreciation Total of lines 1 through 5 Checture AL-2—ANALYSIS OF UNAPPROPRIA		against book incom (a) Depreciation (b) Depletion Total of lin 10 Income (line 28, 1) NINGS PER BOOKS (line 5 Distributions: (a) (b) (c) 6 Other decreases (i	this year (itembas) \$ los 7 and 8	123450.		

PLAINTIFF'S STATEMENT UNDER RULE 9G

UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF NEW YORK	
:	
LE BEAU TOURS INTER-AMERICA, INC.,	
Plaintiff,	
- v -	PLAINTIFF'S STATEMENT UNDER RULE 9 g
UNITED STATES OF AMERICA,	73 Civ. 1907 LPG
Defendant.	

Plaintiff disputes the following facts averred in defendant's Statement Under Rule 9 g.

- 1. that the accounting ledgers and journals, the stock and minute books and substantially all other corporate records of plaintiff are maintained at the office of Le Beau Tours Inc. (Defendant's statement No. 9).
- 2. that Le Beau Tours Inc. is in the same business as plaintiff except that Le Beau Tours Inc. does not deal in travel to Western Hemisphere countries. (Defendant's statement No. 11).
- 3. that plaintiff never qualified to do business in any foreign country. The quoted admission No. 7 is misleading. (Defendant's statement No. 16).
- 4. that plaintiff is the purchaser of hotel space in bulk, matched with ancillary ground transportation similarly purchased in bulk. (Defendant's statement No. 18 and memorandum page 5).

- that plaintiff receives a "discount" and charges "list prices". (Defendant's statement No. 20).
- 6. that the services required by plaintiff in New York are provided by Le Beau Tours Inc. (Defendant's statement No. 22).
- that the services which Le Beau Tours Inc. provides to plaintiff involve contact with foreign enterpreneurs. (Defendant's statement No. 23).
- that plaintiff prefers to be regarded as a seller of personal property. (Defendant's memorandum page 6).
- that plaintiff is a wholesale purchaser of hotel space. (Defendant's memorandum page 10, footnote No. 3).
- that the predominant part of the services from which plaintiff derives its gross income is performed in New York. (Defendant's memorandum page 11).

Dated: New York, New York January , 1975.

Respectfully submitted.

LYNTON KLEIN OPTON & SASLOW Attorneys for Plaintiff 100 Park Avenue

New York, N. Y. 10017 Attorneys for Plaintiff

TO: United States Attorney for the Southern District of New York United States Courthouse Foley Square New York, N. Y. 10007

Δ 31

GOVERNMENT'S AMENDED STATEMENT UNDER RULE 9G

UNITED		'A'	LES	1)	IS	TRI	J'1'	C	()UK'T.	
SOUTHER	N	נע	IS'IR	I	CT	OF	.1	EW	YORK	:

LEE BEAU TOURS INTER-AMERICA,

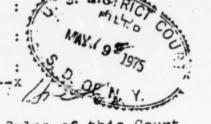
Plaintiff,

: : AMENDED STATEMENT UNDER RULE 9G

-v-

UNITED STATES OF AMERICA,

Defendant.



Pursuant to the General Rules of this Court, defendant nereby enumerates the following material matters as to which there is no genuine issue to be tried:

- 1. Plaintiff filed timely corporate income tax returns for the years 1966 through 1968, paying in full the liabilities reported.
- 2. Pursuant to a statutory notice of deficiency dated October 1, 1970, taxpayer was timely assessed the deficiencies in suit on March 5, 1971.
- 3. The statute of limitations for assessment purposes was extended by the taxpayer for the year 1966 until December 31, 1970.
- 4. The deficiencies in suit were paid in full on warch 19, 1971.
- 5. On May 5, 1971, the Internal Revenue Service received taxpayer's Forms 843, claim for refund; these claims were disallowed by certified mail letter on July 10, 1972.

32 Government's Amended Statement Under Rule 9G o. La Beau Tours Inter-America, Inc. ("Le Beau") 7. Le Beau Tours, Inc. ("Tours") is and since o. The same individuals who are snareholders,

- is and since 1966 has been a New York corporation.
- 1900 has been a New York corporation with headquarters New York City.
- officers, and directors of Tours are shareholders in the same proportions, officers, and directors of Le Beau. (Answer to Request for Admissions No. 4. ("Admission No. 4"))
 - 9. (Withdrawn.)
- 10. The business of Le Beau was previously carried on at least in part by Yours (Answer and Objection to Admission No. 1).
- 11. Le Beau and Tours are each in the package tour business except that Tours does not deal in travel to Western Hemisphere countries and Tours is engaged in other related travel businesses not engaged in by Le Beau (Affidavit of Harry S. Le Beau, dated January 23, 1975 (the "affidavit").p.4). Tours previously derived income from some of the surces which were a sourse of income to Le Beau in the calendar years 1960, 1967 and 1968 (Plaintiff's answer and objection to defendant's request for admissions, dated December 13, 1973).
- 12. Le Beau was incorporated for the sole purpose of qualifying as a Western memisphere Trade Corporation within the meaning of Section 921 of the Internal Revenue

Government's Amended Statement Under Rule 9G

Code of 1954, and as such to obtain the benefit of the deduction authorized by Section 922 of the Internal Revenue Code of 1954. (Admission No. 2)

Hemisphere Trade Corporation within the meaning of Section 921 of the Internal Revenue Code of 1954. (Admission No.3)

of \$1,591,144.79, \$2,082,615,23, and \$2,389,150.50 for its calendar years ending December 31, 1966, December 31, 1967 and December 31, 1963, respectively, were received by Le Beau in the United States at its offices located at 100 West 42nd Street, New York, New York, from retail travel agents located in the united States. (Admission No.)

15. The amounts of \$1,330,944.54, \$1,643,056.19, and \$2,040,372.01 reported by Le Beau on line 2 of its federal income tax returns (Form 1120) for the calendar years ended December 31, 1966, December 31, 1967, and December 31, 1960, respectively, represented the amounts paid by Le Beau to hotels and ground enterprises for notel accomputations located within and ground services to br performed within countries, other than the United States, located within the Western Hemisphere. (Admission No. 6)

16. Le Beau never qualified to do business in any foreign country, but has complied with such rules and regulations as exist in the various Western Hemisphere countries

in which it is active in order to permit its activities there (affidavit, p.3). Le seau has never paid any income, sales, property, or other tax to any foreign country. (Admission No.3)

- 17. Le Beau at no time maintained a telephone number in its own name either in the United States or in any foreign country. (Admissions No. 9, 10)
- ld. The pusiness of Le Beau during the calendar years 1960, 1967 and 1968 consisted in procuring so-called packaged tours to Western demisphere countries for American ("local") travel agents. Packaged tours include pre-arranged notel accomodations, local transportation and escort services (Affidavit pp. 1-2).
- 19. The local retail travel agents referred to above resell the tourist accommodations, etc., referred to above to American tourists traveling to Central and Bouth America.
- 20. Le Beau receives its income by being granted a commission from the foreign notels and transport entrpreneurs for its services arranging for the use of their notels and facilities, while being paid the list price by the American travel agents. These commissions have the effect of discounts. (Affidavit, pp. 3-4)
- 21. Le Seau does not book air or sea transportation to Central or South America.
 - 22. Plaintiff's gross receipts for the calendar

years 1960, 1967 and 1968 were received at 100 Mest 42nd Street, New York, New York. Administrative services are performed for Le Beau by Tours, and an aliquot share of Tours' administrative expenses are billed to Le Beau for these services. (Income Tax Returns attached to the affilavit).

- involve contact with both the local retail travel agents and accounts receivable and accounts payable bookkeeping, promotional work, and other services.
- 24. In 1966 Tours charged Le Beau \$7,259 for services performed; also in 1966, Le Beau declared gross income of 3260,200 on its corporate income tax return.
- 25. In 1967 and 1968 the percentage of Le Beau's gross income which was paid to Tours for its services was greater than in 1966.
- 26. In its tax returns for 1966, 1967 and 1968 Le Beau reported figures for gross receipts, as noted in paragraph 14 above and deducted therefrom the amounts noted in paragraph 15 which it reported as cost of goods sold.

Dated: New York, New York

1

May 7 , 1975

Yours etc..

PAUL J. CURRAN
United States Attorney for the
Southern District of New York,
Attorney for Defendant,
United States of America

Government's Amended Statement Under Rule 9G

By: Wellern Rock Stormer
WILLIAM ROCHE BRONNER
United States Attorn

Assistant United States Attorney Office and Post Office Address: United States Courthouse Annex One St. Andrew's Plaza New York, New York 10007 Telephone: (212) 791-1930

TO: LYNTON, KLEIN, OPTON
& SASLOW, ESQS.
100 Park Avenue
New York, New York 10017

AFFIDAVIT OF WILLIAM ROCHE BRONNER IN FURTHER SUPPORT OF GOVERNMENT'S MOTION

UNITED SPATES DISTRI SOUTHERN DISTRICT OF		
AL BEAU TOURS INTER-		
	Plaintiff,	APPIDAVIT
-v-		73 div. 1907 LPG
UNITED STATES OF AME		
	Defendant.	
	~~~X	
STATE OF HEW YORK	)	
COUNTY OF HEM YORK	: Es.: )	

WILLIAM ROCHE BRONNER, being duly sworn, deposes and says:

- 1. I am an Assistant United States Attorney in the office of Paul J. Curran, United States Attorney for the Southern District of New York and attorney for defendant nerein. I submit this affidavit pursuant to the suggestion of the Court at the last pre-trial conference in further support of the motion by defendant for summary judgment of dismissal of the complaint.
- 2. Attached hereto is an amended Statement under Rule 90. The amendment is designed to satisfy objections raised at the last conference. Thus, wherever defendant's original Rule 90 Statement was controverted by plaintiff, the Rule 90 Statement has been revised. The revisions are generally keyed to the Affidavit of Harry 5. Le Beau in

## Affidavit of William Roche Bronner in Further Support of Government's Motion

opposition to the pending motion, and adopt the facts as stated therein. The remainder of this affidavit is a commentary on each change made to the Rule 96 Statement.

- 3. Paragraphs I through divere not objected to, and are retained. Paragraph 9 is withdrawn. Plaintiff objected to this paragraph, and at the most recent conference, stated that the objection was to the materiality of the statement, not its truth. The dovernment submits that the question of the location of plaintiff's because and records cannot seriously be disputed; when your alfight examined them, they were produced at Tours' offices. Hevertueless, we withdraw the statement so as to avoid disputes not necessary to the present motion.
- 4. Paragraph 10 is retained without objection. Paragraph 11 is rephrased in conformity with the objection in plaintiff's counter-statement, as amplified at the most recent conference. Paragraphs 12 through 15 are retained without objection. Paragraph 16 is rephrased in conformity with plaintiff's retraction of its admission of defendant's request for admissions no. 7, as explained in the mean affidavit.
- 5. Paragraph 17 is retained without objection.

  Paragraph 18 is rephrased to meet plaintiff's objection, as was paragraph 11. Paragraph 19 is retained without objection.

  Paragraph 20 is rephrased to meet plaintiff's contention

39 Affidavit of William Roche Bronner in Further Support of Government's Motion tant it is a service business. Paragraph 21 is retained without objection. Paragraph 22 is rephrased as were paragraphs 11 and 18. Paragraph 23 is retained with the exception of three words, "the foreign entrepreneurs," which were erroneously included and are retracted. Paragraphs 24 through 26 are retained without objection. 6. Paragraph 8 of plaintiff's counter-statement relates to a statement in our memorandum concerning plaintiff's preferences, which was derived from the papers then on file. In any event, plaintiff's preferences are irrelevant. 7. Paragraphs 9 and 10 of the conster-statement relate to characterizations which were conclusions the Covernment believed and continues to believe are supported by the record. WHEREFORE, defendant the United States of America respectfully renews its motion for summary judgment of dismissal. William Rocke Bronner JILLIAH ROCHE BROWER Assistant United States Attorney Sworn to pefore me this day of day, 1975

#### PLAINTIFF'S NOTICE OF CROSS-MOTION FOR SUMMARY JUDGMENT

	DISTRICT COURT RICT OF NEW YORK		
		- x	
LE BEAU TOURS	INTER-AMERICA, INC.,	:	73 Civ. 1907 (LPG)
	Plaintiff,	:	
-against-		:	NOTICE OF CROSS-MOTION
UNITED STATES	OF AMERICA,	:	FOR SUMMARY JUDGMENT
	Defendant.	:	
		X	

SIR:

PLEASE TAKE NOTICE, that upon the annexed Affidavit of Harry S. Le Beau sworn to the 15th day of August , 1975, the Stipulation of Facts dated August 7, 1975 annexed hereto and upon defendant's motion papers for summary judgment originally returnable January 28, 1975 and hereinbefore adjourned and upon all the pleadings and proceedings heretofore had herein, the plaintiff will move this Court before Hon.

Lee P. Gagliardi, United States District Judge, on Tuesday, September 16, 1975 at 4:00 p.m., pursuant to Rule 56 of the Federal Rules of Civil Procedure for summary judgment in favor of plaintiff and against the defendant upon the ground that there is no genuine issue of any material fact and that plaintiff is entitled to judgment as a matter of law.

Plaintiff's Notice of Cross-Motion for Summary Judgment

PLEASE TAKE FURTHER NOTICE, that plaintiff respectfully requests oral argument of this cross-motion.

Dated: New York, New York August 18, 1975

Yours, etc.,

LYNTON KLEIN OPTON & SASLOW Attorneys for Plaintiff

A Member of Firm

Office and Post Office Address: 100 Park Avenue New York, New York 10017 Tel: 683-9500

TO:

PAUL J. CURRAN
United States Attorney for the
Southern District of New York,
Attorney for Defendant
United States Courthouse
Foley Square
New York, New York 10007

#### AFFIDAVIT OF HARRY S. LE BEAU IN SUPPORT OF CROSS-MOTION

UNITED	STA	TES	DIST	RIC	T C	OURT
SOUTIER	NI	ISTR	CICT	OF	NEW	YORK

LE BEAU TOURS INTER-AMERICA, INC.,

Plaintiff,

AFFIDAVIT

- v -

UNITED STATES OF AMERICA,

Defendant.

COUNTY OF NEW YORK ss.

HARRY S. LE BEAU, being duly sworn, deposes and says:

I am the President of the Plaintiff in the abovecaptioned action.

I have read the Stipulation of Facts dated August 7,

1975 signed by our Attorneys and the United States Attorney.

These facts are true.

I reiterate and confirm the statements made in my Affidavit of January 23rd, and I add only the following:

Mention is made in Point 12 of this Stipulation of Facts of part-time employees for which Plaintiff paid salaries. These are the Tour Guides abroad.

Hany & C Boar

Δ 43

STIPULATION OF FACTS IN SUPPORT OF CROSS-MOTION

UNITED	ST	TA	ES	DIS	TRIC	T C	OURT
SOUTHER	N	DI	STR	ICT	OF	NEW	YORK

LE BEAU TOURS INTER-AMERICA, INC., :

Plaintiff, :

- v - : STIPULATION OF FACTS

UNITED STATES OF AMERICA, : 73 Civ. 1907 LPG

Defendant. :

IT IS HEREBY STIPULATED by and between the attorneys for the respective parties that, solely for purposes of the summary judgment proceedings, the following may be taken as a complete statement of the material and uncontroverted facts in this action:

- Plaintiff filed timely corporate income tax returns for the years 1966 through 1968, paying in full the liabilities reported.
- 2. Pursuant to a statutory Notice of Deficiency dated October 1, 1970, plaintiff taxpayer was timely assessed the deficiencies in suit on March 5, 1971.
- 3. The deficiencies in suit were paid in full on March 19, 1971, including interest, to wit:

For 1966 \$32,006.09

For 1967 \$46,964.91

For 1968 \$22,727.65

which are the amounts for which refund is claimed in this suit.

5. Plaintiff was organized as a New York corporation in 1966, for the sole purpose of qualifying as a Western Hemisphere Trade Corporation within the meaning of Section 921, and as such, to obtain the benefit of the deduction authorized by Section 922 of the Code.

Code, 26 U.S.C. §921.

- 6. Le Beau Tours Inc. ("Tours") is, and since prior to 1966 has been, a New York corporation with head-quarters in New York City. Since its inception it has been and still is engaged in the travel business. After the organization of plaintiff certain of the sources of income previously reported in Tours' tax returns became the sources of the income reported by plaintiff in the years in question.
- 7. The same individuals who are shareholders, officers and directors of Tours are shareholders in the same proportions, officers and directors of plaintiff.
- 8. Plaintiff has established and maintains in the Western Hemisphere cutside the continental United States, a network of hotel and service facilities as more particularly enumerated in the complaint.
- 9. Plaintiff's method of operation is, and during the years in suit, was as follows:

Stipulation of Facts in Support of Cross-Motion

The executives of plaintiff developed ideas for package tours, the purpose of which was to offer American tourists travel conveniences in the West Indies, Mexico and other countries in the Western Hemisphere south of the United States border. They selected countries in which contacts existed with hotels and with plaintiff's representatives abroad, many of whom are so-called ground operators, who provide local (bus and taxi) transportation and escort (guide) services as needed.

Hotels are only selected after inspection by officers of plaintiff or by the local representatives on plaintiff's behalf. Plaintiff has established facilities in the various countries involved so that American tourists abroad can seek assistance from plaintiff's local representatives. Many of the tours which plaintiff arranges are escorted by a foreign guide, provided by a ground operator, who meets the tourists at the first port of call abroad, and remains with them until the last foreign port of call.

- 10. The hotels and ground operators chosen by plaintiff are independent contractors and not plaintiff's employees or under plaintiff's legal control other than by contract.
- 11. In each of the years in issue each of plaintiff's officers spent more than 50% of his working time inside of New York City.
  - 12. In the years in issue, plaintiff had no

46 Stipulation of Facts in Support of Cross-Motion

employees in New York City; deductions were taken in 1967 (\$4,658.00) and 1968 (\$20,560.00) for salaries paid parttime employees abroad.

- 13. Plaintiff does not maintain a telephone number in its own name in any foreign country, or in New York City.
- 14. Plaintiff pays no income, sales, property, or other taxes to any foreign country.
- 15. Plaintiff and its representatives abroad have complied with such rules and regulations as exist in the various countries in order to permit the described operations in these countries.
- 16. Plaintiff does not book air or sea transportation, and earns no commission on tickets for air and sea transportation.
  - 17. Plaintiff derives its income as follows:

The American customer pays for hotel and foreign ground operating services at the rate which the foreign hotels and foreign ground operators charge to all retail customers. The foreign hotel and ground operators pay plaintiff what plaintiff denominates a commission. When the retail customer in the United States pays the full price to plaintiff at its New York office, plaintiff withholds the amount of its "commissions" and remits the balance to the hotel or ground operator abroad.

Δ 47

18. In most instances, plaintiff acts as a wholesale travel agent, who markets its services through retail travel agents in the United States.

Stipulation of Facts in Support of Cross-Motion

- 19. Plaintiff maintains its New York office in the office of Tours. Plaintiff's bookkeeping and other clerical work is performed by staff members of Tours in New York. Tours does not charge plaintiff for these services on a per transaction basis rather, plaintiff pays Tours for these services, annually, in a lump sum.
- and 1968, plaintiff listed as gross receipts (line 1 of the corporate income tax return), the sums which it had collected from its customers. All of its customers were Americans, and all receipts were paid to plaintiff in United States currency at its New York office. In line 2 of these tax returns it listed under the heading "Cost of Goods Sold" the amounts remitted by plaintiff from New York to the foreign hotels and ground operators. Line 3 of such tax returns (the difference between line 1 and line 2) represents the total amount of the money due plaintiff according to its agreements with the various

### Δ 48

Stipulation of Facts in Support of Cross-Motion

hotel and greand operators. This constitutes the gross income from plaintiff's operations.

Dated: New York, New York

Angutorly , 1975

LYNTON KLEIN OPTON & SASLOW Attorneys for plaintiff

By:

FRANK G.

PAUL J. CURRAN United States Attorney Attorney for defendant

WILLIAM R. BRONNER

Assistant United States Attorney

AFFIDAVIT OF WILLIAM ROCHE BRONNER IN OPPOSITION TO CROSS-MOTION

UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF NEW YORK LE BEAU TOURS INTER-AMERICA, I	X	
-A-	:	AFFIDAVIT
UNITED STATES OF AMERICA,	:	73 Civ. 1907 (LPG)
Defendant.	:	
	x	
STATE OF NEW YORK COUNTY OF NEW YORK	)	

WILLIAM ROCHE BRONNER, being duly sworn, deposes and says:

SOUTHERN DISTRICT OF NEW YORK )

- 1. I am an Assistant United States Attorney in the office of Paul J. Curran, United States Attorney for the Southern District of New York, attorney for defendant, and am assigned the present case. I am familiar with the relevant facts, and I make this affidavit in opposition to the motion for summary judgment of plaintiff brought on by notice of cross-motion dated August 18, 1975.
- 2. It is and has always been the position of the Government (see page 5 of our original memorandum of law in support of our motion for summary judgment, filed January 15, 1975) that the taxpayer is a sham corporation created

Affidavit of William Roche Bronner in Opposition to Cross-Motion

for tax purposes only. We contend that the entire income of the taxpayer is attributable to "Tours," its sister corporation. We have not urged this position to the Court in our motion because in our view it could only be established by proof of plaintiff's officers' intent, which was clearly a controverted fact issue. Rather, we determined to accept for purposes of argument only plaintiff's description of its method of doing business and to contend that even under plaintiff's own self-description it could not qualify for the tax status it was seeking.

- 3. Sometime later, we were approached by counsel for plaintiff, and eventually agreed to prepare a stipulation of facts for the assistance of the Court in connection with the pending summary judgment proceedings. Again, our cooperation in that endeavor was without prejudice to our position that the plaintiff is a "tax sham" (see exhibits A and B hereto'; see also para. 1 of the August 7, 1975 stipulation.
- 4. It appears from the stipulation and the other papers already filed that plaintiff has no employees, maintains no phone number in its own name anywhere, has no officers who are not also Tours officers, and does all of its clerical business by means of utilization of Tours'

Affidavit of William Roche Bronner in Opposition to Cross-Motion

employees. If our motion for summery judgment is denied, we believe we are entitled to initiate discovery regarding the details of the oversees activities of the officers of plaintiff and of the alleged "part-time employees abroad" (stipulation para. 12), i.e., foreign tour guides (August 15 Le Beau affidavit), whom we contend are not employees at all, although deductions were taken for them as employees. We have, we believe properly, refused to stipulate regarding all the activities of these employees (by whom they are hired, supervised and paid, etc.) and of plaintiff's officers because the issue of shem depends upon a determination of intent which almost always requires a trial, or at least discovery wherein penetrating questions are propounded.

- 5. The reason we have not conducted discovery before or during the pendency of our summary judgment motion is because of its expense. By its nature, much of the discovery would have to be taken in South America, with all the attendent travel expenses.
- 6. We also rely upon our previously submitted memorands in opposition to the present motion.

WHEREFORE, I respectfully submit that plaintiff's motion for summary judgment should be in all respects denied.

WILLIAM ROCHE BRONNER
Assistant United States Attorney

52EXHIBIT A--LETTER DATED JULY 25, 1975 ANNEXED TO AFFIDAVIT OF WILLIAM ROCHE BRONNER LYNTON KLEIN OPTON & SASLOW ATTORNEYS AT LAW 100 PARK AVENUE (212) MUNHAY HILL 3-9500 BERNAND A. SASLOW NEW YORK, N.Y. 10017 CABLE: OPTIMUM, NEW YORK MATOLD S. LYNTON FRANK G. OPTON HAROLD A. AXEL July 25, 1975 LEONARD M. WALLSTEIN, JR. IRA C. LAMBERT LLOYD B. GOTTLIEB STUART F. CARTOON EDWARD L. SKOLNIK RICHARD L. BARNES DAVID B. MANOWITZ BY HAND William R. Bronner, Esq. Assistant United States Attorney U. S. Attorney's Office Southern District of New York One St. Andrew's Plaza New York, New York 10007 RE: Le Beau Tours Inter-America, Inc. United States of America Dear Mr. Bronner: With reference to our telephone conversation, I have re-written the proposed Stipulation of Facts and am enclosing three copies thereof, in final form. I hope that you will see your way clear to sign it. It is a matter of extreme regret that you refused to enter the Stipulation of Facts for all purposes and that you wish to limit the Stipulation to the Summary Judgment proceedings. I understand that you do not wish to bar the defense of "sham". However, I thought it would be possible to stipulate to such additional facts that you think you may need in support of your contention of "sham". As I advised you, if you insist on moving for Summary Judgment, I intend to do likewise, and I have edited the third line of your Stipulation accordingly. The other changes in my enclosed Stipulation, as compared with your draft, are as follows: Point 8: I have eliminated the reference to officers because, as I mentioned to you, there are other executives of the plaintiff who have been active in plaintiff's contact work abroad. Furthermore, I have stricken your words "facility contacts" with which you have replaced my original phrase "facilities". In my view, the words "facility contacts" are not meaningful, and certainly not clearer than the word "facilities. Point 9: I have restored my original description of the method

53 Exhibit A Annexed to Affidavit of William Roche Bronner LYNTON KLEIN OPTON & SASLOW William R. Bronner, Esq. July 25, 1975 Page 2 of plaintiff's operation. I am of the opinion that your version does not clarify, but tends to obscure the method of operation. Point 10: This is the third paragraph on Page 3 of your draft which was not contained in my original version. I recognize that you want to have this fact stated and I have no objection thereto. Point 11: This is the fourth paragraph on Page 3 of your draft and again, this is something which I did not include in my draft. Your statement that plaintiff had no employees is not accurate. Accordingly, I have amended it. Point 12: This is your former Point 10 and all subsequent points are re-numbered accordingly. Point 15: Contrary to what I said on the telephone, I retained the reference to the air and seatransportation, and I have elaborated by pointing out that plaintiff does not earn any commissions on the tickets for air and sea transportation. Point 16: This is your former Point 14. You were right in correcting my reference to plaintiff's "profits" to plaintiff's "income". In all other respects, though, I have reverted to my former description of plaintiff's method of deriving its income. Your version, in my opinion, is not clear, and (successfully) obscures the vital fact that plaintiff's income consists of commissions from abroad. Point 18: As I told you on the telephone, your statement as to how Tours computes its charge, is not correct. If I understood you correctly, the point which you desire to make is that Tours did not charge plaintiff on a per transaction basis. I hope I have covered your point in the last sentence of Point 18. Point 19: In the tenth line, I have changed the word "money" to "compensation". Kindly telephone me after you have perused the enclosed form of Stipulation. I hope we can file it before you go on vacation. FGO/pb Encs.

54 EXHIBIT B--LETTER DATED JULY 29, 1975 ANNEXED TO AFFIDAVIT OF WILLIAM ROCHE BRONNER WRD: rms 74-1463 M-326 July 29, 1975 Frank G. Opton, Esq. Lynton, Klein, Opton and Saslow 100 Park Avenue New York, New York 10017 Re: Le Beau Tours v. United States Dear Mr. Opton: We have redrafted and return your stipulation, with our comments: 1. Our telephone conversation to the contrary notwithstanding, we have not included any prefatory language concerning the scope of this stipulation and the rethodology for your submission of a cross-motion for summary judgment. We did not because, although we hope that both you and ourselves will rely upon our previously-filed memoranda on any motion you might make, we will have to note to the Court our contention that an issue of fact remains concerning the tax sham status of the plaintiff. To protect that right, we felt it more advisable to await your motion. Should you make the motion during the month of August we would appreciate a return date in mid-September, at the earliest, so that we will be able to prepare a response without necessity for requesting adjournments because of the undersigned's vacation during August. 2. We accept your revisions through paragraph 9, where we have reverted to our formulation, with an amendment. Our change consists in the addition of "with plaintiff's representatives abroad, many of whom are..." which we believe meets your objection to our previous formulation, without burdening the stipulation with the repetition involved in the alternate formulation. 3. We renumbered the second paragraph of your paragraph 11, and added a phrase concerning which we have spoken over the telephone. Similarly with our paragraphs 17 and 19, the changes have already been discussed.

Exhibit B Annexed to Affidavit of William Roche Bronner

WRB: rms 74-1463 11-326 We share your desire that a stipulation be agreed upon and be filed this month.

Very truly yours,

PAUL J. CURRAN United States Attorney

By:

WILLIAM R. BRONNER Assistant United States Attorney

### 56 OPINION #44044, GAGLIARDI, D.J.

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF NEW YORK

LE BEAU TOURS INTER-AMERICA, INC.,

Plaintiff,

-against-

UNITED STATES OF AMERICA,

Defendant.

HAR 12 9-65 AH '76 5.0.0F N.Y. 73 Civ. 1907 (

#### APPEARANCES:

LYNTON KLEIN OPTON & SASLOW 100 Park Avenue New York, New York 10017 Attorneys for Plaintiff

FRANK G. OPTON, ESQ. Of Counsel

ROBERT J. FISKE, ESQ. United States Attorney One St. Andrew's Plaza New York, New York 10007

WILLIAM R. BRONNER, ESQ. Assistant United States Attorney of Counsel

Opinion #44044, Gagliardi, D.J.

GAGLIARDI, D. J.

This case raises a question of first impression under Section 921 of the Internal Revenue Code of 1954 (the Code). The parties have stipulated to certain facts and both have cross-moved for summary judgment.

The plaintiff, Le Beau Tours Inter-America, Inc. ("Le Beau Inter-America") sucs for a refund of more than \$100,000 in taxes it paid for the years 1966 through 1968 pursuant to a deficiency notice from the I.R.S. for those years. The deficiency resulted from the government's disallowance of plaintiff's claim that it qualified under Section 921 of the Code as a Western Hemisphere trade corporation (WHTC) and thus was entitled to certain deductions provided for in section 922 of the Code. The plaintiff contends that the income from its travel business is derived solely from commissions paid by hotel and tour operators in Latin America, and thus it qualifies as a WHTC under section 921. The Government on the other hand claims' that LeBcau Inter-America does not so qualify because (1) less than 95% of its income comes from sources outside the United States, and (2) that it is a sham corporation created solely for the purposes of tax avoidance by its parent company, Le Beau Tours, Inc., which does the same kind of business worldwide. For purposes of this motion, the Covernment is not pressing the sham corporation claim, which both parties

Opinion #44044, Gagliardi, D.J.

agree raises factual questions inappropriate for summary judgment.

So far as relevant, the following facts were agreed upon by the parties. Le Beau Inter-America is a New York corporation organized in 1966 for the sole purpose of qualifying as a WHTC in order to permit Le Beau Tours, Inc. to obtain a deduction under section 922 on certain portions of its Latin American operations. Le Beau Inter-America arranged Latin American package tours to be offered to American tourists, and then through contacts with local hotels and tour operators or guides. arranged to have the necessary hotel accommodations and tourist services provided. The American customer would pay Le Beau Inter-America in the United States the full retail price for these services and LeBeau Inter-America would then remit that amount less a certain percentage -which it denominated as a "commission" -- to the local hotel or tour operator who actually provided the service. LeBeau Inter-America personnel or local agents acting on their behalf would inspect the local hotels, and presumably make arrangements with local tour operators. LeBeau Inter-America also maintained facilities in the various countries involved so that American tourists abroad could seek assistance from its representatives. At all times, however, the local hotel and tour service operators were independent contractors not under plaintiff's legal control other than by contract.

A 59
Opinion #44044, Gagliardi, D.J.

LeBeau Inter-America in most instances acted as a wholesale travel agent who marketed its services through retail travel agents in the United States. It maintained its New York office in Le Beau Tours, Inc.'s New York office and its bookkeeping and other clerical work was performed by staff members of Le Beau Tours, Inc. in New York. Le Beau Inter-America paid Le Beau Tours, Inc. an annual lump sum for these services.

Section 921 of the Code defines a WHTC as a domestic corporation all of whose business is done in North, Central or South America or in the West Indies which satisfies the following conditions:

- (1) 95 percent or more of its gross income for the three year period immediately preceding the close of the taxable year is derived from sources without the United States; and
- (2) 90 percent or more of its gross income from such period or such part thereof is derived from the active conduct of a trade or business. Concededly, Le Beau Inter-America meets the second requirement. It is the first that is here in issue.

Plaintiff contends that all its income is derived from commissions paid to it by hotel and tour operators in Latin America for services rendered there, and therefore the source of more than 95 percent of its income is outside the United States. The Covernment on the other hand claims

Opinion #44044, Gagliardi, D.J.

that the source of a substantial portion of the plaintiff's income is from within the United States. According to the Government, Le Beau Inter-America's operations must be characterized according to one of two alternative theories — either (1) it is a sales business selling in the United States wholesale hotel and tour space in Latin American or (2) it is a service business providing services which are performed both in the United States and in Latin America. On either theory, the Government asserts more than 5 percent of the plaintiff's income must be considered derived from sources within the United States.

While this Court does not believe that the plaintiff can properly be considered a wholesale seller of hotel space and tours, it does agree with the Government that the plaintiff is engaged in a service business in which services are performed both in the United States and abroad. Therefore, this Court holds that a determination allocating the amount of income derived from sources within and without the United States must be made.

The plaintiff here under the stipulated facts did considerably more than just buy and sell blocks of hotel and tour space. It undertook personal inspections of local hotels, the operators and their capabilities and also had some role in developing and putting together completed package tours. Furthermore, it maintained representatives in various countries to assist American tourists abroad

for whom it had arranged services. This broad range of activities indicates that plaintiff was engaged in a service business -- arranging and packaging tour programs for American customers.

The question remains, however, as to the source of the income derived from this service business. The term "sources outside the United States" is nowhere defined in Section 921. The regulations issued by the Treasury Department under Section 921 state that the amount of income from sources within the United States and without the United States is to be determined under the rules provided for in Code Sections 861-864 and the regulations thereunder. Treas. Reg. \$1.921-1(c). Those sections provide that "compensation. for labor or personal services performed within the United States" is income from sources within the United States, Code Section 861(a)(3), and that compensation for labor and personal services performed outside the United States is income from sources outside the United States, Code Section 862(a)(3). Therefore, where services are performed both in the United States and abroad, the income from those services is derived partly from sources within and partly without the United States. Tipton and Kalmbach, Inc. v. United States, 480 F.2d 1118 (10th Cir. 1973). Treas. Reg. \$1.861-4(b) (2 states that for years prior to 1975:

within and partly without the United States, the amount to be included in the gross income shall be determined by an an apportionment on the time basis; that is there

Opinion #44044, Gagliardi, D.J.

shall be included in the gross income an amount which bears the same relation to the total compensation as the number of days of performance of the labor or service within the United States bears to the total number of days of performance of the labor or service for which the payment is made."

That regulation was changed by the Treasury Department to provide that for years after 1975, the amount of gross income from services performed partially within and partially without the United States "shall be determined on the basis that most correctly reflects the proper source of income under the facts or circumstances of the particular case." Treas. Reg. §1.861-4(b)(1).

In this case the plaintiff contends that all services are performed in Latin America and all its revenue is derived from the local hotel and tour operators for whom it is in essence an agent paid a commission. This court, however, believes that the nature of the plaintiff's activities should not be characterized so narrowly. By its own admission the plaintiff developed package tours and provided assistance to American tourists while in Latin America at least in part through its own representatives. It also on its own account performed the services of selecting, administering and to some extent supervising Latin American travel arrangements and tours for American tourists. In performing these services, it was far more than an agent for its local Latin American contacts. Rather it was a separate service business deriving income from its own performance of certain important and necessary services to its customers. Opinion #44044, Gagliardi, D.J.

plaintiff or its agents in Latin America the income derived therefrom was from sources outside the United States. To the degree, however, that the plaintiff carried on any activities in connection with the administration, development or execution of the Latin American tours that gave rise to its income in the years in question in the United States, this would be income from United States sources.

Although the court agrees with the plaintiff that as a general rule a taxpayer may divide his business by forming a separate subsidiary organized solely for the purpose of taking advantage of the UHTC provisions, Conseissioner v. Pfoudler Inter-American Corp., 330 F.2d 471 (2d Cir. 1964); Revenue Ruling 70-238, 1970-1 Cum. Bull. 61, Le Beau Inter Tamerica may not avoid having income attributable to services performed in the United States for the sole benefit of its Latin American operations characterized as United States source income by contracting for those services with its parent company, Le Beau Tours, Inc. Here, Le Boau Inter-America had to see that these necessary functions were carried out in order to provide the services to its gustomers from which it derived its gross income. Whether they were provided by employees paid by it directly or employees of its parent company is immaterial to a determination of the place of the performance of the services for purposes of a source of income allocation.2

64 Opinion #44044, Gagliardi, D.J. Thus, all time spent by personnel of Le Beau Inter-America of Le Beau Tours, Inc. in performing services which related to the Latin American tours from which Le Beau Inter-America received its income must be considered in determining whether more than five percent of its income was derived from sources within the United States. This includes time spent promoting and advertising tours which Le Beau Inter-America was operating and administrative and clerical work in connection with the tours. The Government contends that the plaintiff has conceded that it cannot under these circumstances meet the 95 percent source of income test of Section 921. There is, however, no such concession in the record, and thus an evidentiary hearing on this issue must be held. At that hearing plaintiff will have to show that more than 95 percent of the time spent by persons performing services in connection with Le Beau Inter-America's tours took place outside the United States. In computing the amount of services so performed, only those services performed which brought income to Le Beau Inter-America -- not its ground operators -- must be considered. Accordingly, both motions for summary judgment are denied. So Ordered.

> Dated: New York, New York March 10, 1976.

#### FOOTMOTES

- 1. Section 863(b) of the Code provides that gross income from sources partly within and partly without the United States may be apportioned according to processes or formulas of general apportionment prescribed by the Secretary or his delegate. Although the statute states specifically that "gains, profits and income -- . . from transportation or other services rendered partly within and partly without the United States, . . . " are to be treated as derived from sources partly within and partly without the United States, Code Section 863(b)(1), no regulation under this section applies directly to services of the type in question here. Presumably, the general rules on the source of income derived from sources enunciated in sections 861 and 862 thus apply. Commissioner v. Piedras Negras Broadcasting Co., 127 F.2d 260 (5th Cir. 1942); Tipton and Kalmbach, Inc. v. United States, supra.
- 2. Commissioner v. Piedras Negras Broadcasting Co., supra, whatever its validity after Tipton and Kalmbach is in conflict with the decision here. There the services were all found to be rendered in Mexico with only minor insignificant activities being rendered in the United States. Here it appears that a fairly substantial portion of the activities which generated Le Beau Inter-Aucrica's income -- as distinguished from that of its local hotel and tour operators took place in the United States.

AFFIDAVIT OF WILLIAM ROCHE BRONNER IN SUPPORT OF GOVERNMENT'S RENEWED MOTION FOR SUMMARY JUDGMENT

UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF NEW YORK	x
LE BEAU TOURS INTER-AMERICA, INC., Plaintiff,	: AFFIDAVIT
UNITED STATES OF AMERICA;	73 Civ. 1907 (LPG)
Defendant.	:
STATE OF NEW YORK ) COUNTY OF NEW YORK : 88	x .:

WILLIAM ROCHE BRONNER, being duly sworn, deposes and says:

SOUTHERN DISTRICT OF NEW YORK )

- 1. I am an Assistant United States Attorney in the office of Robert B. Fiske, Jr., United States Attorney for the Southern District of New York, and am assigned the present matter.
- 2. On March 10, 1976, this Court denied the Government's motion for summary judgment on the sole ground that the record did not reflect the admission by defendant that more than 5 percent of its officers' time was spent in the United States. The Court directed that a trial be held on that matter.
- 3. In order to avoid a trial, the parties have stipulated as a fact, and the plaintiff concedes, that more than 5 percent of the officers' time was spent in the United States.

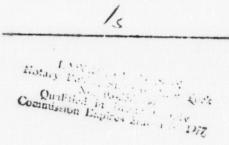
Affidavit of William Roche Bronner in Support of Government's Renewed Motion for Summary Judgment

4. The record has now been cured of its defect, and we renew our motion for summary judgment. We are obliged to make this motion because plaintiff, in order to preserve its appellate rights, will not consent that judgment be entered against it.

William The Donner

WILLIAM ROCHE BRONNER
Assistant United States Attorney

Sworn to before me this 29th day of April, 1976



# A 68 STIPULATION AND ORDER

UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF NEW YORK

LE BEAU TOURS INTER-AMERICA, INC.,

Plaintiff,

vs.

UNITED STATES OF AMERICA.

Defendant.

S. MY COFN.

STIPULATION + CRUEL

73 Cir. 1907 (LPG)

WHLREAS, the parties hereto cross-moved for summary judgment, and the Court denied both motions by an opinion and order dated March 10, 1976, and

WHEREAS, in such opinion and order the Court indicated that an evidentiary hearing must be held in order to determine whether Plaintiff has met the 95% source of income test of \$921 of 26 U.S.C., and

WHEREAS, the parties are desirous of avoiding the delays and expense required by preparation for and conduct of an evidentiary hearing, it is hereby

of La Beau Tours and by Plaintiff's officers exceeds 5% of the activity related to Plaintiff's Latin American tours, exclusive of the activities of Plaintiff's ground operators abroad, and it is further

69 Stipulation and Order

STYPULA CED, that both parties may renew their respectly applications to this Court for summary judgment, and it is Curther

STIPULATED, that nothing contained within this stipulation shall prejudice Plaintiff's rights to contend that the services performed in New York which relate to Plaintiff's Latin American or Caribbean business are not legally relevant to the determination of the source of Plaintiff's income within the meaning of \$921 of 26 U.S.C.

> LYNTON KLEIN OPTON & SASLOW Attorneys for Plaintiff

ROBERT B. FISKE, JR. United States Attorney for the Southern District of New York, Attorney for Defendant

Assistant United States Attorney

SO ORDERED:

Dated: New York, New York

April 50, 1976

United \$ bistrict Judge

# A 70 OPINION #44497, GAGLIARDI, D.J.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

LE BEAU TOURS INTER-AMERICA, INC.,

Plaintiff,

73 Civ. 1907

-against-

MEMORANDUM DECISION

UNITED STATES OF AMERICA.

:

Defendant.

44497

GAGLIARDI, D. J.

Pursuant to a memorandum decision of this court dated March 10, 1976, the parties have now stipulated that more than 5% of the time of the officers of Le Beau Tours Inter-America, Inc., the plaintiff, were spent within the United States. The government therefore renews its motion for summary judgment. The motion is granted.

The plaintiff argues that this court's previous decision is erroneous insofar as it holds that activities which generate plaintiff's income taking place in the United States are to be considered in determining the source of its income for purposes of Section 921 of the Internal Revenue Code. In the previous decision this court found that under the circumstances here all activities of plaintiff's officers in the United States in connection with plaintiff's Latin American tours should be considered in determining whether plaintiff derived more than 5% of its gross

Opinion #44497, Gagliardi, D.J.

income from sources within the United States. This finding was based on the determination that plaintiff was engaged in a separate service business in which the services rendered consisted primarily of the arrangement, packaging and promotion of Latin American tours. Plaintiff has now stipulated that more than 5% of the work done by its officers and employees in the arrangement, packaging and promotion of the tours was done in the United States. As this work, in this court's view, constituted the performance of the services for which plaintiff was compensated, more than 5% of those services were clearly performed in the United States. Under the accepted rule that the situs of the income producing service is the source of the income from a service business, more than 5% of the plaintiff's income was clearly from sources within the United States. The cases cited by plaintiff in which there was activity in the United States that did not give rise to United States source income all involved the sale of goods with title passing abroad, not the rendition of services performed partially within the United States.

This court's previous decision was not intended to be a rejection of the principles of law set forth in Commissioner v. Piedras Negras Broadcasting Co., 127 F.2d 260 (5th Cir. 1942). The confusion of plaintiff's counsel on this point may result from the inadvertent omission of the word "not" from the first sentence of the second footnote

A 72
Opinion #44497, Gagliardi, D.J.

of the earlier decision. That sentence should read "Commissioner v. Piedras Negras Broadcasting Co:, supra, whatever its validity after Tipton and Kalmbach is not in conflict with the decision here." The earlier decision is amended to correct this typographical error.

Defendant's motion for summary judgment dismissing the complaint is thus granted.

So Ordered.

U.S.D.J.

Dated: New York, New York May 18, 1976.

73 JUDGMENT

UNITED STATES DISTRICT COURT

LE BEAU TOURS INTER-AMERICA, INC.

73 Civil 1907 (LPG)

Plaintiff

JUDGMENT

-agains t-

UNITED STATES OF AMERICA

Defendant

Defendant having moved the Court for summary judgment, pursuant to Rule 56, of the Federal Rules of Civil Procedure, and the motion having come on to be heard before the Honorable Lee P. Gagliardi, United States District Judge, and the Court thereafter on May 20, 1976, having handed down its memorandum opinion granting the said motion, it is,

ORDERED, ADJUDGED and DECREED: That defendant UNITED STATES OF AMERICA have judgment against plaintiff LE BEAU TOURS INTER-AMERICA, INC., dismissing the complaint.

Dated: New York, N.Y. June 4, 1976

Kaymond 4 Beigh

COPY RECEIVED

Bolist B. Jiske, fr.
ONTTED STATES ATTORNET
8/10/76
Marian J. Bryant